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IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached document and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document (the "**Prospectus**") relating to Ibstock plc (the "**Company**") dated 22 October 2015 accessed from this page or otherwise received as a result of such access. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended for you only and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document, whether electronically or otherwise, to any other person. The Prospectus has been prepared solely by, and is the sole responsibility of, the Directors of the Company and the Company and has been prepared solely in connection with the proposed offer to certain institutional and professional investors (the "**Offer**") of ordinary shares (the "**Ordinary Shares**") of the Company. Application will be made for the admission of the Ordinary Shares to the premium segment of the Official List of the UK Financial Conduct Authority (the "**FCA**") and to trading on the London Stock Exchange plc's main market for listed securities (together, "**Admission**"). The Prospectus has been approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA. The Prospectus has been published and is available from the Company's registered office and on the Company's website at www.ibstockplc.com.

Pricing information and other related disclosures are expected to be published on this website. Prospective investors are advised to access such information prior to making an investment decision.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES EXCEPT (1) TO QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**"), AS DEFINED IN AND IN RELIANCE ON, RULE 144A ("**RULE 144A**") UNDER THE US SECURITIES ACT OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

YOU ARE NOT AUTHORISED TO AND MAY NOT FORWARD OR DELIVER THE ATTACHED DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

IN CANADA, THE OFFERING OF THE SECURITIES DESCRIBED HEREIN IS BEING MADE ON A PRIVATE PLACEMENT BASIS IN THE CANADIAN PROVINCES OF ALBERTA, BRITISH COLUMBIA, ONTARIO AND QUÉBEC ONLY TO INVESTORS WHICH ARE PERMITTED TO PURCHASE THE SECURITIES DESCRIBED HEREIN UNDER APPLICABLE CANADIAN SECURITIES LAWS AS IDENTIFIED BY THE APPLICABLE DEALER. THIS ELECTRONIC TRANSMISSION AND THE DOCUMENT ATTACHED HERETO IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, A PROSPECTUS WITHIN THE MEANING OF CANADIAN SECURITIES LAWS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE SECURITIES DESCRIBED HEREIN IN CANADA. NO PROSPECTUS HAS BEEN FILED WITH ANY SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA IN CONNECTION WITH THE OFFERING OF THE SECURITIES DESCRIBED HEREIN. IN ADDITION, NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THE DOCUMENT ATTACHED HERETO OR THE MERITS OF THE SECURITIES DESCRIBED HEREIN AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

This electronic transmission and the attached document and the Offer when made are only addressed to and directed at persons in member states of the European Economic Area (the "**EEA**"), who are "qualified investors"

within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU to the extent implemented in a relevant member state of the EEA) ("**Qualified Investors**"). In addition, in the United Kingdom, this electronic transmission and the attached document is being distributed only to, and is directed only at, qualified investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and qualified investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This electronic transmission and the attached document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA, other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only (i) in the United Kingdom, relevant persons, and (ii) in any member state of the EEA, other than the United Kingdom, to Qualified Investors, and will be engaged in only with such persons.

Confirmation of your representation: This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented to the Company, the Selling Shareholders J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove), and UBS Limited (together, the "**Joint Global Co-ordinators**"), and Barclays Bank PLC and Numis Securities Limited (together with the Joint Global Co-ordinators, the "**Underwriters**") that (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB or (b) acting on behalf of, or you are an institutional investor outside the United States acquiring such securities in "offshore transactions", as defined in, and in compliance with, Regulation S under the US Securities Act; (ii) if you are in the United Kingdom you are a relevant person and/or a relevant person who is acting on behalf of relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom or the EEA; (iii) if you are in any member state of the European Economic Area other than the United Kingdom, you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors, to the extent you are acting on behalf of persons or entities in the EEA; (iv) the Ordinary Shares acquired by you in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors (as defined in the Prospectus Directive) or the UK; and (v) if you are not in the United States, the UK or the EEA, you are an institutional investor that is eligible to receive this document and you consent to delivery by electronic transmission.

If you are resident in or otherwise subject to the securities laws of Canada, this electronic transmission and the document attached hereto is delivered to you on the basis of your representation to the Company, the Selling Shareholders and the Underwriters that: (a) you agree to receive this electronic transmission and the document attached hereto and any amendments or supplements thereto in electronic form; (b) you are resident in the province of Alberta, British Columbia, Ontario or Québec and delivery in electronic form of this electronic transmission and the document attached hereto may be lawfully made under the laws of such jurisdiction; and (c) you are an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* or in section 73.3(1) of the *Securities Act* (Ontario), as applicable, and a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. **Restriction**: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of prospective investors described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Underwriters nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the attached document, you consent to receiving it in electronic form. None of the Underwriters nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Ordinary Shares. The Underwriters and each of their respective affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such

statement. No representation or warranty express or implied, is made by any of the Underwriters or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in the attached document.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in the attached document.

You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

IBSTOCK PLC
THE PROSPECTUS
IBSTOCK PLC
The Prospectus
FANUC Robot M-410iB

This document comprises a prospectus (the "**Prospectus**") for the purposes of Article 3 of European Union Directive 2003/71/EC, as amended (the "**Prospectus Directive**") relating to Ibstock plc (the "**Company**") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "**FCA**") made under section 73A of the Financial Services and Markets Act 2000, as amended (the "**FSMA**"), and has been prepared in connection with the offer of ordinary Shares of the Company (the "**Ordinary Shares**") to certain institutional investors (the "**Offer**") as described in *Part 13*: "*Details of the Offer*". The Prospectus has been approved by the FCA in accordance with Section 87A FSMA and will be made available to the public in accordance with the Prospectus Rules.

Application will be made to the FCA for all of the Ordinary Shares issued and to be issued in connection with the Offer to be admitted to the premium listing segment of the Official List of the FCA and to London Stock Exchange plc (the "**London Stock Exchange**") for all of the Ordinary Shares to be admitted to trading on the main market of the London Stock Exchange for listed securities (together, "**Admission**"). Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8:00 a.m. on 22 October 2015. It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence at 8:00 a.m. on 27 October 2015. **All dealings before the commencement of unconditional dealings will be on a "when issued" basis and of no effect if Admission does not take place. Such dealings will be at the sole risk of the parties concerned. No application is currently intended to be made for the Ordinary Shares to be admitted to listing or dealt with on any other exchange. The new Ordinary Shares issued by the Company will rank *pari passu* in all respects with each other and with the existing Ordinary Shares, including the right to receive dividends or other distributions declared, made or paid after Admission.**

The directors of the Company, whose names appear on page 35 of this Prospectus (the "**Directors**"), and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read this Prospectus in its entirety. In particular, your attention is drawn to the "*Risk Factors*" in *Part 1* for a discussion of certain risks and other factors that should be considered prior to any investment in the Ordinary Shares.

Ibstock plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 9760850)

Offer of 162,200,000 Ordinary Shares of one pence each at an Offer Price of 190 pence per Ordinary Share and admission to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange

Joint Global Co-ordinators, Joint Bookrunners and Joint Sponsors

J.P. Morgan Cazenove **UBS Investment Bank**

Joint Bookrunners

Barclays **Numis Securities Limited**

Financial Adviser to the Company

Rothschild

ISSUED ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid		
Ordinary Shares of	**Number**	**Nominal Value**
1p	**405,500,000**	**£4,055,000**

The Company is offering 52,631,578 new Ordinary Shares (the "**New Ordinary Shares**") and the Selling Shareholders are selling in aggregate 109,568,422 existing Ordinary Shares (the "**Existing Ordinary Shares**", and together with the New Ordinary Shares, the "**Offer Shares**") under the Offer. The Company will not receive any of the proceeds of any sale of Existing Ordinary Shares, all of which will be received by the Selling Shareholders. The Offer is conditional, inter alia, on Admission taking place on or before 8:00 a.m. on 27 October 2015 (or such later time and/or date as may be agreed in accordance with the terms of the Underwriting Agreement). The New Ordinary Shares will, upon Admission, rank equally in all respects with the Ordinary Shares in issue prior to Admission, including the right to receive all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission. The Offer Shares are not being made generally available to the public in conjunction with the Offer.

Each of J.P. Morgan Securities plc, UBS Limited, Barclays Bank PLC and N M Rothschild & Sons Limited ("**Rothschild**") are authorised by the Prudential Regulation Authority (the "**PRA**") and regulated by the FCA and the PRA in the United Kingdom, and Numis Securities Limited is authorised and regulated by the FCA in the United Kingdom, and is acting exclusively for the Company and no one else in connection with the Offer. None of J.P. Morgan Securities plc, UBS Limited, Barclays Bank PLC and Numis Securities Limited (the "**Underwriters**") or Rothschild will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters or Rothschild by FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters or Rothschild nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer. Each of the Underwriters, Rothschild and each of their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement. No representation or warranty express or implied, is made by any of the Underwriters, Rothschild or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

In connection with the Offer, the Underwriters and Rothschild and any of their respective affiliates, acting as investors for their own accounts, may subscribe for and/or acquire Ordinary Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any or issue, offer, subscription, acquisition, dealing or placing by, each of the Underwriters and Rothschild and any of their affiliates acting as investors for their own accounts. In addition certain of the Underwriters, Rothschild or any of their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. None of the Underwriters or Rothschild intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Underwriters and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for the Company and the Selling Shareholders, for which they would have received customary fees. The Underwriters and any of their respective affiliates may provide such services to the Company and the Selling Shareholders and any of their respective affiliates in the future.

In connection with the Offer, UBS Limited, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares or effect other stabilisation transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 15% of the total number of Ordinary Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such overallotments and/or from sales of Ordinary Shares effected by it during the stabilising period, Diamond (BC) S.à r.l. (the "**Over-allotment Shareholder"**) has granted the Stabilising Manager an over-allotment option (the "**Over-allotment Option**"), pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Ordinary Shares up to a maximum of 15% of the total number of Ordinary Shares comprised in the Offer (the "**Over-allotment Shares**") at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares, will be purchased on the same terms and conditions as the Ordinary Shares being issued or sold in the Offer and will form a single class for all purposes with the other Ordinary Shares. Assuming the Over-allotment Option is exercised in full, the Offer will be up to 186,530,000 Ordinary Shares.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Notice to certain investors

The Ordinary Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective investors should read the restrictions described in *Part 13: "Details of the Offer—Selling restrictions" and "—Transfer restrictions*". Each investor in the Ordinary Shares will be deemed to have made the relevant representations described therein.

The distribution of this Prospectus and the offer and sale of the Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholders, the Underwriters or Rothschild to permit a public offering of the Ordinary Shares under the applicable securities laws of any jurisdiction. Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Ordinary Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those in the preceding paragraphs. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, no actions have been or will be taken to permit a public offering of the Ordinary Shares under the applicable securities laws of any jurisdiction, including the United States, Australia, Japan, Canada or Switzerland.

Notice to United States investors

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or with any securities regulatory authority of any state of the United States and may not be offered or sold within the United States, except to qualified institutional buyers, as defined in, and in reliance on Rule 144A under the US Securities Act ("**Rule 144A**") or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Ordinary Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulations S ("**Regulation S**") and in accordance with applicable law. Prospective investors are hereby notified that the sellers of the Ordinary Shares may be relying on the exemption registration requirements under the US Securities Act provided by Rule 144A. The Ordinary Shares have not been approved, disapproved or recommended by the United States Securities and Exchange Commission, any US federal or state securities commission in the United States or any other United States regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Underwriters or Rothschild or their

representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscriber for, or otherwise acquire, the Ordinary Shares.

Canada

This Prospectus is not, and under no circumstances is to be construed as, a prospectus within the meaning of Canadian securities laws, an advertisement or a public offering of the securities described herein in Canada. No prospectus has been filed with any securities commission or similar authority in Canada in connection with the offering of the Offer Shares. In addition, no securities commission or similar authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Offer Shares and any representation to the contrary is an offence.

In Canada, the offering of the Offer Shares is being made on a private placement basis to "accredited investors" that are also "permitted clients" (as such terms are defined under applicable Canadian securities laws) in the Canadian provinces of Alberta, British Columbia, Ontario and Québec (the "**Canadian Jurisdictions**") only and not in, or to the residents of, any other province or territory of Canada. Each Canadian investor that purchases the Offer Shares will be deemed to have made certain representations, warranties, acknowledgements and agreements. See "*Details of the Offer—Notice to Canadian Investors*".

This Prospectus is for the use of only those persons to whom it is delivered by the applicable Underwriters in connection with the offering of the Offer Shares in the Canadian Jurisdictions.

Available information

For so long as any of the Ordinary Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of an Ordinary Share, or to any prospective purchaser of an Ordinary Share designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421 B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA421 B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Company's website

Information contained on the Company's website or the contents of any website accessible from hyperlinks on the Company's website are not incorporated into and do not form part of this Prospectus.

The date of this Prospectus is 22 October 2015.

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1 – E.7).

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

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

Section A—Introductions and warnings		
Element	**Disclosure Requirement**	**Disclosure**
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court in a Member State of the European Economic Area ("**Member State**"), the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and applied its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent for Intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
B.1	Legal and commercial name	Ibstock plc (the "**Company**")
B.2	Domicile and legal form	The Company is a public limited company, incorporated in England and Wales with its registered office in England. The Company operates under the Companies Act 2006 (the "**Act**").
B.3	Current operations and principal activities	The Group is a leading manufacturer of clay bricks with a diversified range of clay and concrete products, with operations in the United Kingdom and the United States. Its principal products are clay bricks, brick components, concrete roof tiles, concrete stone masonry substitutes, concrete fencing, and concrete rail products.

		The Group's four primary businesses are Ibstock Brick Limited ("**Ibstock Brick**"), Glen-Gery Corporation ("**Glen-Gery**"), Supreme Concrete Limited ("**Supreme**") and Forticrete Limited ("**Forticrete**"): • Ibstock Brick: The leading manufacturer by volume of clay bricks sold (excluding imports) in the United Kingdom. With 19 manufacturing plants and a total realisable production capacity of approximately 780 million bricks per annum, Ibstock Brick has the largest brick production capacity based in the United Kingdom. Its network of 23 active quarries are generally located close to its manufacturing plants, which limits the transportation costs of raw materials from the quarries to the manufacturing plants. On 10 September 2015, Ibstock Brick received planning approval to build a new soft mud manufacturing plant in Leicestershire, subject to certain conditions. The new Leicester plant is expected to be commissioned in the second half of 2017, and is expected to produce for sale approximately 30 million, 75 million and 95 million bricks in 2017, 2018 and 2019, respectively. • Glen-Gery: A leading manufacturer, by despatches, of brick in the Northeast and Midwest regions of the United States, with an approximate 24% market share in these regions in 2014 based on volume of brick despatches. Glen-Gery has a network of 10 manufacturing plants, 10 resale centres and 29 active quarries covered by 20 active quarry permits in the United States. • Supreme: A leading UK manufacturer of concrete fencing products and concrete lintels, with seven manufacturing plants in the United Kingdom. Supreme also manufactures general precast products for the house building and rail sectors. • Forticrete: A leading UK manufacturer of concrete substitutes for natural stone walling and dressings and niche concrete roof tiles, with seven manufacturing plants in the United Kingdom and a new planned additional concrete roof tile manufacturing line at its Leighton Buzzard facility, which is currently expected to be operational in the second half of 2016. Forticrete also manufactures concrete architectural masonry walling blocks.
B.4a	Significant recent trends affecting the Group and the industry in which it operates	The Group operates in the clay and concrete building products industry in the United Kingdom and the United States. Total United Kingdom construction output was £124 billion and total United States construction output was $962 billion in 2014. Significant recent trends include: • In the United Kingdom, total brick production capacity decreased from an estimated 2.6 billion bricks per annum in 2007 to 1.9 billion bricks per annum in 2010 as a result of the financial crisis. The Directors believe that since the start of the housing recovery, post Help to Buy in 2013, brick manufacturers have now brought all currently available capacity back online, leading to a current capacity of approximately 2.0 billion bricks. The Directors believe there is now a structural imbalance between brick demand and supply in the United Kingdom. The shortage of the supply of bricks is currently being met by imports mainly from Belgium and the Netherlands, which the Directors believe could be

<table>
<tr><td></td><td></td><td>difficult to maintain in the longer term due to the higher transport costs and the potential recovery in housing in these regions.
• Housing supply and affordability has become a major policy issue within the United Kingdom with cross party support for increased supply over recent years. The previous Coalition Government and current Government have implemented policy initiatives in an effort to increase the supply of housing, including the Help to Buy programme, the Affordable Rent to Buy programme, Affordable Homes programme and Right to Buy programme.
• Leading up to and following the financial crisis, there was a sharp fall in residential housing starts in the United States from 2006 to 2009. Market conditions have improved, with the Northeast and Midwest regions of the United States where the Group operates showing an improvement in the number of residential housing starts from 2012 to 2014 according to data from Dodge Data & Analytics. Furthermore, Dodge Data & Analytics estimates that the Northeast and Midwest will experience compound annual growth rates in the residential housing starts of 11.2% and 10.0%, respectively, from 2015 to 2017. As a result of the financial crisis, the United States also experienced a significant drop in non-residential construction as measured by the non-residential square feet floor area construction undertaken. These non-residential starts are expected to increase by 8% in the Northeast and Midwest regions of the United States in 2015 according to data from Dodge Data & Analytics, compared to 10% growth across the US market as a whole, whereas Dodge Data & Analytics estimates that growth rates of non-residential construction from 2015 to 2017 in these same regions will be slightly greater than the national non-residential market over that same period.</td></tr>
<tr><td>B.5</td><td>Group Structure</td><td>The Company was incorporated in anticipation of the Offer and Admission. In connection with the Admission, the Group has undertaken certain steps as part of the Reorganisation. The result of the Reorganisation steps taken immediately prior to Admission is that the Company will become the ultimate holding company of the Group.</td></tr>
<tr><td>B.6</td><td>Shareholders</td><td>At the date of this Prospectus, the following person is, and immediately following Admission will be, interested in 3% or more of the Company's issued share capital:
<table>
<tr><th>Selling Shareholder</th><th>Ordinary Shares to be sold in the Offer</th><th>Interest following Admission assuming no exercise of the Over-allotment Option</th></tr>
<tr><td>Diamond (BC) S.à r.l.</td><td>104,769,955</td><td>53.03%</td></tr>
<tr><td>Henderson Global Investors Limited</td><td>N/A</td><td>4.69%</td></tr>
<tr><td>J.P. Morgan Asset Management (UK) Limited</td><td>N/A</td><td>4.69%</td></tr>
<tr><td>Artemis Investment Management LLP</td><td>N/A</td><td>3.51%</td></tr>
</table>
In addition, a number of Ordinary Shares representing 15% of the Offer Size (representing 6.0% of the issued ordinary share capital of the Company on Admission) may be sold by Diamond (BC) S.à r.l. pursuant to the Over-allotment Option. If the</td></tr>
</table>

		Over-allotment Option is exercised in full, Diamond (BC) S.à r.l. will have following Admission, an interest in 47.0% of the Company's issued Ordinary Share capital. The Ordinary Shares owned by the Selling Shareholders after Admission will rank *pari passu* with other Ordinary Shares in all respects.
B.7	Selected historical financial information	The selected historical financial information set out below has been extracted without material adjustment from the Historical Financial Information relating to the Group included in *Part 11: "Historical Financial Information"*:

Selected Combined and Consolidated Income Statement Data

	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014 *(unaudited)***	**2015**
	(£'000)	**(£'000)**	**(£'000)**	**(£'000)**	**(£'000)**
Revenue	277,950	317,218	373,233	181,552	203,373
Cost of Sales before exceptional items	(209,932)	(234,768)	(255,333)	(128,216)	(127,254)
Gross profit before exceptional items	68,018	82,450	117,900	53,336	76,119
Exceptional cost of sales	—	—	—	—	(15,430)
Gross Profit	68,018	82,450	117,900	53,336	60,689
Distribution costs	(27,720)	(32,238)	(34,601)	(17,234)	(17,158)
Administrative expenses before exceptional items	(31,457)	(33,310)	(37,922)	(16,108)	(20,791)
Other administrative exceptional items	(4,740)	(4,349)	(5,355)	(2,274)	(11,843)
Net administrative expenses	(36,197)	(37,659)	(43,277)	(18,382)	(32,634)
Negative goodwill on acquisition	—	—	—	—	127,590
Profit/(loss) on disposal of property, plant and equipment	7,800	(58)	492	(6)	(83)
Other income	3,403	3,764	3,709	1,683	1,762
Other expenses	(885)	(799)	(1,051)	(431)	(435)
Operating profit	14,419	15,460	43,172	18,966	139,731
Finance costs	(4,821)	(3,526)	(4,364)	(1,706)	(53,747)
Finance income	3,889	2,421	1,948	10	166
Net finance cost	(932)	(1,105)	(2,416)	(1,696)	(53,581)
Profit before taxation	13,487	14,355	40,756	17,270	86,150
Taxation	(2,371)	(4,598)	(7,397)	(3,451)	5,264
Profit for the financial period	11,116	9,757	33,359	13,819	91,414

Selected Combined and Consolidated Balance Sheet Data

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	(£'000)	**(£'000)**	**(£'000)**	**(£'000)**
Non-current assets	240,510	228,154	214,642	481,885
Current assets	313,118	345,814	180,280	185,020
Total assets	553,628	573,968	394,922	666,905
Current liabilities	(78,971)	(91,792)	(90,201)	(73,650)
Net current assets	234,147	254,022	90,079	111,370
Total assets less current liabilities	474,657	482,176	304,721	593,255
Non-current liabilities	(70,482)	(55,444)	(84,600)	(505,535)
Net Assets	404,175	426,732	220,121	87,720
Total equity	404,175	426,732	220,121	87,720

Selected Combined and Consolidated Statement of Cash Flow

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014 (*unaudited*)	2015
	(£'000)	**(£'000)**	**(£'000)**	**(£'000)**	**(£'000)**
Net cash generated from operating activities	27,828	28,223	55,590	11,262	4,753
Net cash (outflow)/inflow from investing activities	(16,985)	(11,595)	15,924	(1,970)	(375,324)
Net cash (outflow)/inflow from financing activities	2,240	(29,060)	(31,781)	3,182	350,262
Net increase/(decrease) in cash and cash equivalents	13,083	(12,432)	39,733	12,474	(20,309)
Cash and cash equivalents at end of period	26,696	14,265	53,996	26,737	33,687

Non-IFRS Financial Information

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014 (*unaudited*)	2015
	(£'000)	**(£'000)**	**(£'000)**	**(£'000)**	**(£'000)**
EBITDA before exceptional items	29,092	37,091	64,993	29,816	51,824
Management charge(1)	(2,355)	(2,237)	(2,213)	(1,107)	(226)
Share based payments	(485)	(483)	(804)	(402)	(977)
Profit/(Loss) on disposal of fixed assets	7,800	(58)	492	(6)	(83)
Pension charges(2)	(1,400)	(1,629)	(1,267)	(765)	—
Transaction costs(3)	—	—	(571)	—	(7,972)
Other adjusting items(4)	(500)	—	(500)	—	(2,668)
Exceptional costs of sales(5)	—	—	—	—	(15,430)
EBITDA	32,152	32,684	60,130	27,536	24,468
Depreciation and amortisation	(17,733)	(17,224)	(16,958)	(8,570)	(12,327)
Net finance costs	(932)	(1,105)	(2,416)	(1,696)	(53,581)
Negative goodwill on acquisition	—	—	—	—	127,590
Profit/(loss) before tax	13,487	14,355	40,756	17,270	86,150

Notes:

1. In the years ended 31 December 2012, 2013 and 2014, and in the period ended 30 June 2015 until the Bain Acquisition, management fees related to fees paid to the former parent. In the post-Bain Acquisition period, management fees of £0.2 million related to accrued amounts due to the new owners of the Group.
2. Pension charges were contributions made by the Group to pension schemes retained by CRH following the Bain Acquisition.
3. In the period ended 30 June 2015, transaction costs of £8.0 million included £0.7 million of acquisition-related costs incurred by the Group before the closing date of the Bain Acquisition and £7.3 million of acquisition-related costs incurred by the Group in the period after the Bain Acquisition.
4. Other adjusting items of £0.5 million in 2012 and 2014 relate to exceptional inventory write-offs. Other adjusting items of £2.7 million in the six month period to 30 June 2015 related to retention bonuses paid to key staff members in connection with the Bain Acquisition.
5. In accordance with IFRS, the inventory value was uplifted to fair value at the date of the Bain Acquisition, and this adjustment increased cost of sales in the post-Acquisition period. The £15.4 million for utilisation of the fair value uplift adjustment on inventory is considered an exceptional cost of sale as it is a non-cash and non-recurring item.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014 *(unaudited)*	2015
	(£000)	**(£'000)**	**(£'000)**	**(£'000)**	**(£'000)**
EBITDA before exceptional items[1]	29,092	37,091	64,993	29,816	51,824
Maintenance capital expenditure	(4,553)	(5,348)	(3,239)	(1,986)	(2,492)
Change in net working capital	8,200	(272)	416	(13,448)	(25,443)
Adjusted Free Cash Flow[2]	32,739	31,471	62,170	N/A	N/A
Cash conversion[3]	113%	85%	96%	N/A	N/A

Notes:

1. EBITDA before exceptional items is defined as EBITDA excluding management charges, share based payments, profit/(loss) on disposal of fixed assets, pensions charges, transaction costs, other adjusted items and exceptional cost of sales.
2. Adjusted Free Cash Flow is defined as EBITDA before exceptional items less maintenance capital expenditure plus change in net working capital. Only annual figures are shown due to seasonality.
3. Cash conversion is defined as Adjusted Free Cash Flow divided by EBITDA before exceptional items. Only annual figures are shown due to seasonality.

Certain significant changes to the Group's financial condition and results of operations occurred during the years ended 31 December 2012, 2013 and 2014 and to the six months ended 30 June 2014 and 2015. These changes are set out below.

Revenue increased by £39.3 million, or 14.1%, to £317.2 million in the year ended 31 December 2013 from £278.0 million in the year ended 31 December 2012, and further increased by £56.0 million, or 17.7%, to £373.2 million in the year ended 31 December 2014, primarily due to higher sales volume and higher prices for the Group's products driven by improvement in housing activity in the UK. The Group's revenue increased by £21.8 million, or 12%, to £203.4 million in the six months ended 30 June 2015 from £181.6 million in the six months ended 30 June 2014, primarily due to price increases relating to the Group's products in 2015. The volume of products sold also impacted revenue growth as there was a 2.2% increase in the volume of products sold in the United States in the six months ended 30 June 2015 to the six months ended 30 June 2014, though the volume of products sold in the United Kingdom decreased by 2.4% over the same period.

Gross profit increased by £14.4 million, or 21.2%, to £82.5 million in the year ended 31 December 2013 from £68.0 million in the year ended 31 December 2012, and further increased by £35.5 million, or 43.0%, to £117.9 million in the year ended 31 December 2014, primarily due to higher prices and increased operating efficiencies at the Group's facilities. The Group's gross profit increased by £7.4 million, or 13.8%, to £60.7 million in the six months ended 30 June 2015 from £53.3 million in the six months ended 30 June 2014, primarily due to price increases.

There has been no significant change in the financial position or results of operations of the Group since 30 June 2015, the date to which the last combined and consolidated financial statements of the Group were prepared.

B.8	Pro forma financial information	The unaudited pro forma statement of net assets set out below has been prepared to illustrate the impact on the Group's net assets of the conversion of the Shareholder Loan Notes and Preference Shares as part of the Pre-Admission Reorganisation, the use of net

proceeds from the offer of New Ordinary Shares to repay certain borrowings and the refinancing of the Group's secured borrowings under the Senior Facilities Agreement as if they occurred as at 30 June 2015. The unaudited pro forma information is based on the historical financial information of the Group as at 30 June 2015 as contained in *Part 11*: "*Historical Financial Information*" and has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results following the matters referred to above.

The unaudited pro forma statement of net assets has been prepared consistent with the basis set out below and in accordance with Annex II to the PD Regulation. It should be read in conjunction with the notes below.

		Adjustments			
	Historical financial information as at 30 June 2015	*Pre-Admission Reorganisation*	*Offer proceeds and Post-Admission Repayment of Debt*	*Refinancing*	*Unaudited pro forma net assets as at 30 June 2015*
Notes	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Non-current assets					
Goodwill	—	—	—	—	—
Other intangible assets	130,827	—	—	—	130,827
Property, plant and equipment	342,058	—	—	—	342,058
Investment properties	—	—	—	—	—
Deferred tax asset	—	—	—	—	—
Trade and other receivables	9,000	—	—	—	9,000
Total non-current assets	**481,885**	**—**	**—**	**—**	**481,885**
Current assets					
Non-current assets held for sale	—	—	—	—	—
Inventories	79,480	—	—	—	79,480
Derivative financial instrument	—	—	—	—	—
Trade and other receivables	71,853	—	—	—	71,853
Cash and cash equivalents	33,687	—	428	—	34,115
Total current assets	**185,020**	**—**	**428**	**—**	**185,448**
Total assets	**666,905**	**—**	**428**	**—**	**667,333**
Current liabilities					
Trade and other payables	(71,990)	—	—	—	(71,990)
Provisions	—	—	—	—	—
Derivative financial instrument	(325)	—	—	—	(325)
Borrowings	—	—	—	(15,000)	(15,000)
Current tax liabilities	(1,335)	—	—	—	(1,335)
Total current liabilities	**(73,650)**	**—**	**—**	**(15,000)**	**(88,650)**
Non-current liabilities					
Trade and other payables	(4,321)	—	—	—	(4,321)

		Historical financial information as at 30 June 2015	*Adjustments* Pre-Admission Reorganisation	Offer proceeds and Post-Admission Repayment of Debt	Refinancing	Unaudited pro forma net assets as at 30 June 2015
	Notes	1	2	3	4	
		£'000	£'000	£'000	£'000	£'000
	Borrowings	(407,245)	98,865	85,572	15,000	(207,808)
	Post-employment benefit obligations	(29,434)	—	—	—	(29,434)
	Deferred tax liabilities	(52,022)	—	—	—	(52,022)
	Provisions	(12,513)	—	—	—	(12,513)
	Total non-current liabilities	**(505,535)**	**98,865**	**85,572**	**15,000**	**(306,098)**
	Total liabilities	**(579,185)**	**98,865**	**85,572**	**—**	**(394,748)**
	Net assets	**87,720**	**98,865**	**86,000**	**—**	**272,585**

Notes:

1. The financial information of the Group as at 30 June 2015 has been extracted without material adjustment from *Part 11*: "*Historical Financial Information*".
2. As part of the pre-Admission Reorganisation, the Shareholder Loan Notes of £53.8 million and the Preference Shares of £45.0 million will be converted into Ordinary Shares. No adjustment has been made to reflect the interest or dividends that will accrue on the Shareholder Loan Notes and the Preference Shares following 30 June 2015.
3. Net proceeds from the Offer of £83.0 million is calculated on the basis that the Company issued 52,631,578 new Ordinary Shares of one pence par value at a price of 190 pence per share, net of estimated expenses of £17.0 million, which include Offer-related fees and expenses of £4.3 million paid to Bain Capital consisting of a £1.2 million final consulting fee and a £3.1 million transaction fee. Of these estimated expenses of £17 million, £14 million relates to Offer-related fees and expenses, and £3 million relates to fees relating to the New Facilities Agreement. As part of the post-Admission Reorganisation, net proceeds from the Offer and £3.0 million from the New Facilities Agreement to cover fees relating to that facility will be used to repay certain borrowings (£85.6 million as at 30 June 2015, which includes £23.8 million related to make-whole premiums arising from the early repayment of the Group's secured borrowings under the Senior Facilities Agreement, £7.9 million in costs associated with the refinancing of the Senior Facilities and £3.9 million in payments of accrued interest on the Senior Facilities).
4. On 12 September 2015, the Group entered into a New Facilities Agreement which provides for a £200 million term loan and a £40 million revolving credit facility. The new term loan, along with proceeds from the Offer, will be used to refinance existing borrowings. £15 million of the term loan is repayable 12 months from the commencement of the facility and each year thereafter. The New Facilities Agreement is conditional upon Admission, repayment and cancellation of facilities under the Senior Facilities Agreement and the Revolving Credit Agreement, and customary closing conditions. The costs of £3 million relating to the New Facilities Agreement have been capitalised within Borrowings and will be amortised over the period of the loan.
5. No adjustment has been made to reflect any trading or other transactions undertaken by the Group since 30 June 2015. The Company was incorporated post 30 June 2015 and hence there is no historical financial information available for the Company.

B.9	Profit forecast	Not applicable. There is no profit forecast or estimate included in this Prospectus.
B.10	Description of the nature of any qualifications in the accountant's report on the historical financial information	Not applicable. There are no qualifications included in the reporting accountants' report on the historical financial information included in this Prospectus.
B.11	Insufficient working capital	Not applicable. In the opinion of the Company, taking into account the facilities available to the Group and the net proceeds receivable by the Company from the Offer, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months following the date of this Prospectus.

Section C—Securities		
Element	**Disclosure Requirement**	**Disclosure**
C.1	Type and class of securities	When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BYXJC278 and SEDOL number BYXJC27. It is expected that the Ordinary Shares will be traded on the London Stock Exchange under the ticker symbol "IBST". The Ordinary Shares will, on Admission, comprise the entire issued and to be issued Ordinary Share capital of the Company.
C.2	Currency	United Kingdom pounds sterling.
C.3	Number of securities to be issued	On Admission the nominal value of the issued Ordinary Share capital of the Company will be £4,055,000 divided into 405,500,000 Ordinary Shares of one pence each, which will be issued fully paid.
C.4	Description of the rights attaching to the securities	The Offer Shares being sold pursuant to the Offer will, on Admission, rank *pari passu* in all respects with the other Ordinary Shares in issue, including for voting purposes, and will rank in full for all dividends and other distributions thereafter declared, made or paid on the Ordinary Share capital of the Company. Each Ordinary Share ranks equally in the right to receive a relative proportion of shares in case of a capitalisation of reserves. Subject to the provisions of the Act, any equity securities issued by the Company for cash must first be offered to shareholders in proportion to their holdings of Ordinary Shares. The Act and Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of the shareholders, whether generally or specifically, for a maximum period not exceeding five years. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares on or off market, subject to the Act and the requirements of the Listing Rules.
C.5	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Shares, save as described below. *Transfer restrictions under the Act* The Company may, under the Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest and the extent of their interest in a particular holding of shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can apply to the court for an order directing, among other things, that any transfer of shares which are the subject of the statutory notice is void. *Transfer restrictions under the Articles* The Board may, in its absolute discretion, refuse to register any instrument of transfer of any certificated share which is not fully paid up (but not so as to prevent dealings in listed shares from taking place on an open and proper basis) or on which the Company has a lien. The Board may also refuse to register any instrument of transfer of a certificated share unless it is left at the

		registered office, or such other place as the Board may decide, for registration, accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to prove title of the intending transferor or his right to transfer shares; and it is in respect of only one class of shares. Unless otherwise agreed by the Board in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four. *Selling restrictions* The Shares are subject to selling and transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee, including the United States and the EEA.
C.6	Admission	Application will be made to the FCA for all of the Ordinary Shares, issued and to be issued, to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.
C.7	Dividend policy	The Directors intend to adopt a dividend policy based on a payout ratio of 40 to 50% of adjusted profit after tax over a business cycle. This dividend policy will reflect the underlying earnings and growth of the business and the cash conversion of the Group. Assuming that there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. The current intention of the Board is that the first dividend to be declared by the Company following Admission will be the final dividend in respect of the year ended 31 December 2015, which is expected to be paid around May 2016. The Company may revise its dividend policy from time to time. There are no guarantees that the Company will pay dividends or the level of any such dividends.

Section D—Risks		
Element	**Disclosure Requirement**	**Disclosure**
D.1	Key information on the key risks specific to the Group and its industry	Demand for the Group's products is affected by the macroeconomic environment in the United Kingdom and the United States, including by the impact of global financial market conditions on construction activity. The cyclical nature of residential construction and renovation and non-residential construction activities can significantly impact demand for the Group's products and the Group's growth prospects depends in part on the condition of these construction markets in the future. The Group may not be able to effectively compete in its markets against domestic and international competitors, by, for example, offering competitive prices, reducing costs, anticipating market developments and adequately meeting customer demands. Any changes made to UK Government housing incentive programmes, particularly the Help to Buy programme, could reduce residential construction activity in the United Kingdom, thereby reducing demand for the Group's products.

		Any changes to United Kingdom planning laws, which require the use of brick for certain projects, could inhibit the growth of the brick market and reduce demand for the Group's products. A material disruption at one of the Group's manufacturing facilities or quarries or at one of the Group's supplier facilities could prevent the Group from meeting customer demand, reduce its revenue and materially adversely affect its business, results of operations and financial condition. The Group may be unable to increase its production capacity on time or to budget or at all. For example, the Group's new Leicester plant may not be commissioned in the planned timescale or could be significantly delayed, which could have a material adverse effect on the Group's growth, its business, results of operations and financial condition. The market share of substitutes for the Group's products may increase and the development of alternative building materials and new construction techniques could reduce demand for the Group's products. Volatility in extraction expenses, raw material costs and energy costs, or disruptions in energy supplies, could increase the Group's costs. If the Group is unable to pass on the cost increases to customers through price increases, it would have an adverse impact on the Group's business, results of operations and financial condition. The Group is subject to environmental, health and safety laws and regulations and these laws and regulations may change. These laws and regulations could cause the Group to make modifications to how it manufactures and prices its products. They could also require that the Group make significant capital investments or otherwise increase its costs or result in liabilities. For instance, the Group may be held jointly and severally liable for the investigation or remediation of any hazardous materials and wastes at past or present facilities owned by the Group or its predecessors and at third-party waste disposal sites (including old landfills for which the Group is responsible or in the event of a closure of a facility). With respect to laws and regulations that may change, the Group's manufacturing processes use a significant amount of energy, increased energy regulations intended to address the possible emission of greenhouse gases, energy efficiency and climate change could materially increase the Group's manufacturing costs or require the Group to install emissions control or other equipment at some or all of its manufacturing facilities, requiring significant additional capital investments.
D.3	Key information on the key risks specific to the securities	There is currently no public trading market for the Shares, and there can be no assurance that an active trading market will develop or be maintained, which could affect the liquidity of the Shares. The trading price of the Shares may fluctuate in response to various factors outside the Group's control, including changes in the financial performance of the Group or its industry; speculation about the Group; changes in law, rules and regulation applicable to the Group; the general economic, social and political environment; and fluctuations in the capital markets. Shareholders in the United States or other jurisdictions outside of the United Kingdom may not be able to participate in future equity offerings.

Section E—Offer		
Element	**Disclosure Requirement**	**Disclosure**
E.1	Net proceeds and costs of the offer	The Company will receive approximately £83.0 million net proceeds from the Offer (after bearing underwriting commissions, other estimated Offer-related fees and expenses and VAT of approximately £17.0 million). The gross proceeds from the Offer receivable by the Selling Shareholders will be approximately £208.2 million (assuming no exercise of the Over-allotment Option). The aggregate underwriting commission, other fees and expenses and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Offer are expected to be up to approximately £7.3 million (assuming no exercise of the Over-allotment Option). No expenses will be charged to any purchaser of Offer Shares by the Company or the Selling Shareholders.
E.2a	Reasons for the offer and use of proceeds	The Directors believe that the Offer and Admission will support the Company's growth plans, give the Company access to a wider range of capital-raising options, further improve the ability of the Company to recruit, retain and incentivise its key management and employees and create a liquid market in the Ordinary Shares. The Company intends to use the net proceeds it receives from the Offer and £3.0 million from the New Facilities Agreement to cover fees relating to that facility to repay the amount of £50 million plus a make-whole premium of £23.8 million on the existing Senior Facilities Agreement term loan facilities, £7.9 million in costs associated with the refinancing of the Senior Facilities and £3.9 million in payments of accrued interest on the Senior Facilities. The sale of Existing Ordinary Shares will provide the Institutional Selling Shareholder and Individual Selling Shareholders with an opportunity for a partial realisation of their respective investments in shareholdings in the Company.
E.3	Terms and conditions of the offer	The Offer comprises an offer of: • 52,631,578 New Ordinary Shares to be issued by the Company, and; • 109,568,422 Existing Ordinary Shares to be sold by the Selling Shareholders. In addition, up to a further 24,330,000 Ordinary Shares (representing 15% of the total number of Offer Shares), in aggregate, are being made available by the Over-allotment Shareholder pursuant to the Over-allotment Option. All Offer Shares will be sold at the Offer Price. Under the Offer, the Offer Shares will be offered to certain institutional investors in the United Kingdom and elsewhere outside the United States in compliance with Regulation S of the Securities Act and in the United States to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Admission is expected to become effective, and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 27 October 2015. The Offer is subject to the satisfaction of conditions, which are customary for transactions of this type, contained in the Underwriting Agreement, including Admission becoming effective no later than 8.00 a.m. on 27 October 2015 and the Underwriting Agreement not having been terminated prior to Admission.

		The Underwriting Agreement has been entered into between the Company, the Directors, the Institutional Selling Shareholder, the Registrar (for itself and as agent for and on behalf of each Individual Selling Shareholder pursuant to the Deeds of Election), and the Underwriters. The Underwriting Agreement provides for the Underwriters to be paid a commission in respect of the Offer Shares sold. Any commissions received by the Underwriters may be retained and any Ordinary Shares acquired by them may be retained or dealt in, by them, for their own benefit. None of the Ordinary Shares may be offered for subscription, sale, purchase or delivery, and neither this Prospectus nor any other offering material in relation to the Ordinary Shares may be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.
E.4	Material interests	There are no interests, including the Selling Shareholders' interests, that are material to the Offer other than those disclosed in B.6 above.
E.5	Selling Shareholders and Lock-up	109,568,422 Existing Ordinary Shares are currently expected to be sold by the Selling Shareholders pursuant to the Offer. In addition, a number of Ordinary Shares representing up to 15% of the Offer Shares are being made available by the Over-allotment Shareholder pursuant to the Over-allotment Option. Pursuant to the Underwriting Agreement, the Institutional Selling Shareholder has agreed a 180-day lock-up period following Admission, during which time it may not dispose of any interest in their Ordinary Shares. Pursuant to the Deeds of Election, the Individual Selling Shareholders have agreed a 365-day lock- up period following Admission, during which time they may not dispose of any interest in their Ordinary Shares. For a 180-day lock-up period following Admission, the Company will not issue or dispose of any new Ordinary Shares. The Directors are also subject to a 365-day lock-up period following Admission during which they will not sell any Ordinary Shares they own in the Company. All lock-up arrangements are subject to customary exceptions, which are more fully described under *Part 13: "Details of the Offer"* of this Prospectus.
E.6	Dilution	52,631,578 New Ordinary Shares will be issued pursuant to the Offer. The Existing Ordinary Shares will represent 27.0% of the total issued Ordinary Shares immediately following Admission.
E.7	Expenses charged to the investor	Not applicable: there are no commissions, fees, expenses or taxes to be charged to investors by the Company or the Selling Shareholders under the Offer.

PART 1
RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should carefully consider risk factors associated with any investment in the Ordinary Shares, the Group's business and the industry in which it operates, together with all other information contained in this document including, in particular, the risk factors described below.

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

The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations or financial condition and, if any such risk should occur, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances.

Risks Relating to the Group's Business and Industry

The Group's business, results of operations and financial condition are materially affected by changes in the macroeconomic environment in the United Kingdom and the United States.

The Group's business, results of operations and financial condition have in the past been, and may in the future be, materially adversely affected by general economic and global financial market conditions. Demand for construction materials is driven by construction activity, which is sensitive to factors such as gross domestic product ("**GDP**") growth, unemployment levels, interest rates, inflation, consumer confidence, mortgage availability and the cost of financing (especially mortgage financing and mortgage interest rates) and other additional factors specific to the United Kingdom and the United States. If the United Kingdom or the United States were to experience a deterioration in macroeconomic conditions, the level of construction activity would likely decline in these markets, resulting in reduced demand for the Group's products.

While the macroeconomic environment in the United Kingdom and the United States has improved in recent years, the Group cannot assure investors that current macroeconomic trends will continue or that negative events will not occur in the United Kingdom, the United States or elsewhere that would have an adverse effect on macroeconomic conditions in the future. Moreover, market sentiment can be impacted by short-term macroeconomic conditions that result in short-term downturns, which can negatively impact demand for the Group's products for a shorter period of time, making it difficult for the Group to forecast production needs. As a result of adverse changes in the macroeconomic climate, including short-term downturns, the Group may consequently face decreases in demand for its products, which may result in overcapacities, reduced sales volumes and declining revenue and/or margins.

Furthermore, any failure to adequately utilise the Group's production capacities as a result of low levels of demand could lead to extraordinary depreciation of its production equipment and significant impairment charges on goodwill and thus adversely affect the Group's profitability. These factors, if they materialise, or if difficult macroeconomic conditions occur, could have a material adverse effect on the Group's business, results of operations and financial condition.

Demand for the Group's products is strongly correlated with residential construction and renovation activities and non-residential construction, which are cyclical.

Historically, demand for the Group's products in the United Kingdom and the United States has been closely correlated with residential construction and renovation activities and non-residential construction activity. Sales

of the Group's products in these markets, particularly in the United Kingdom, are affected significantly by the number of new homes and buildings that are built and the number of existing homes and buildings that undergo repair, maintenance and improvement ("**RMI**").

The level of residential construction and RMI activity is influenced by a number of factors, including general economic factors, mortgage availability, interest rates, employment levels, level of household disposable incomes, household formation rates, population growth, inflation, immigration rates, residential vacancy and foreclosure rates, demand for second homes, existing home prices, rental prices, housing inventory levels, consumer confidence, seasonal weather factors and government policy and incentives. Non-residential construction activity is primarily driven by business investment, availability of credit, interest rates and general economic factors.

The residential housing market in the United Kingdom, a primary source of demand for the Group's businesses, was significantly affected by the 2008 financial crisis and, while construction activity has improved, is still subject to macroeconomic uncertainties. In the United States, residential construction and renovation activities and non-residential construction activity in 2008 decreased to historically low levels with only modest gains incurred since that time, particularly in the housing markets in the Northeast and Midwest regions in which the Group operates. As a result, while there has been some improvement in construction activity in the Northeast and Midwest regions, demand for the Group's products remains lower than prior to the financial crisis and may fail to reach previous peak levels.

The financial crisis had a material adverse impact on the Group's business. In response to the downturn in the construction sector, the Group had to undertake a number of measures, including closing several manufacturing plants, rationalising production at certain other manufacturing plants and agreeing to flexible work arrangements for its employees. While the housing market has generally improved, there can be no assurance that current housing market conditions will continue. Any deterioration in macroeconomic conditions or the housing market could require the Group to again take similar measures, which could have a material adverse impact on the Group's business, results of operations and financial condition.

The Group's growth prospects depend, to a significant extent, on the degree to which conditions in the residential construction, renovation and non-residential construction markets in the United Kingdom and the United States develop in the future. The current growth in the construction markets in the United Kingdom and the United States may not continue or the markets may again contract. If the UK house building and construction industry does not increase its capacity, it may not grow as forecast or in line with longer term UK Government ambitions, and demand for the Group's products could be adversely affected. Although currently the new UK home starts market is largely dominated by house builds and not flat builds, any change in this market pattern could have a materially adverse impact on the demand for brick as the majority of new house builds typically use two to three times more bricks than new flats. In particular, should land prices increase in the future, demand for new flats could increase and the demand for new houses could decrease, reducing the overall demand for bricks, or lead to a reduction in all building activity. The Group cannot control the foregoing, and the Group's results of operations may vary materially in response to market conditions and changes in the supply and demand for its products. The Group may incur losses during global, national, regional or local cyclical downturns in the Group's markets. As a result of any possible future cyclical downturns, the price of the Group's Ordinary Shares may decline, and investors may lose all or a portion of their investment.

If the Group cannot compete effectively in its markets, the Group's business, financial condition and results of operations may be materially adversely affected.

The Group faces significant competition from a broad range of competitors, both private and public, from single site to multi-national operations. Competition among manufacturers is based on price, service, quality, range of products and product availability. Competition in certain of the Group's product segments, such as the brick market in the United Kingdom and the United States, is also based, in part, on styles and trends, which the Group may not accurately forecast or be able to influence. The Group's competitors may foresee the course of market development more accurately than the Group does, provide superior service, sell preferable products, possess the ability to manufacture or supply similar products and services at a lower cost, develop a more comprehensive product portfolio, establish stronger relationships with customers and distributors, adapt more quickly to new technologies or evolving customer requirements, manage customer relationships during product shortages more effectively, build a superior sales and distribution network or obtain access to financing on more favourable terms than the Group may obtain. As a result, the Group may not be able to compete successfully.

Actions of the Group's competitors, including restoring mothballed facilities or developing additional manufacturing capacity, competition from imported products or the entry of new competitors into the Group's

markets could drive the Group to lower prices in an effort to maintain its customer base and may result in lower revenue and harm the Group's results of operations. At times, the price for any one or more of the products the Group manufactures may fall below the Group's manufacturing costs, requiring the Group to either incur losses on product sales or cease manufacture of such product at one or more of its manufacturing facilities. Competitive pressures, including industry overcapacity, could also lead to pricing pressures in the Group's markets. For example, competitors may choose to pursue a volume policy in order to maintain utilisation of their factories to the detriment of upholding prices.

In addition, the pricing and production policies of the Group's competitors are unpredictable and could frustrate the Group's efforts and impact profitability. There is a risk that the Group could establish or acquire additional production capacities which cannot be appropriately used, for example as a result of an inaccurate evaluation of market developments. Furthermore, certain of the Group's products, including clay bricks for housing applications and concrete products for fencing, building and structural applications, are volume products that are available from other manufacturers or distributors, with price and volume decisions frequently based on participants' perceptions of short-term supply and demand factors. Industry data for supply chain and end user stock levels is not available. The supply chain and end users' attitude to stock may change from time to time and may impact short-term demand and thus pricing and overall business performance. As such, the Group may be unable to sufficiently adjust pricing strategies to local market conditions or to balance inventory stock in order to meet market demand. A shortage of capacity or excess capacity in the industry can result in significant increases or declines in the market prices for these products, often within a short period of time. Low market prices for the Group's products over a sustained period can have a material adverse effect on its business, results of operation and financial condition.

Furthermore, before the recent financial crisis, there had been significant consolidation in the housebuilding industries in the United Kingdom and the United States, with many smaller housebuilders ceasing to build or being acquired by larger housebuilders who increased their market share. This consolidation continued to a lesser degree in the wake of the financial crisis as well. Any future consolidation in the United Kingdom and the United States housebuilding industries could strengthen the market and pricing power of the large housebuilders, which could cause the Group to experience pricing pressure on sales of bricks.

If the Group cannot compete effectively in its markets, its business, results of operations and financial condition may be materially adversely affected.

Potential changes to the Help to Buy programme and other UK Government housing incentive programmes and planning guidelines, including the financing thereof, may negatively affect the Group's revenue.

The Help to Buy programme was instituted in 2013 by the UK Government and is an equity loan scheme to increase accessibility to mortgages by allowing homebuyers to purchase homes with a smaller deposit. Under this scheme buyers put down a minimum 5% deposit on a home with the UK Government providing up to 20% of the purchase price (on a shared equity basis), thereby increasing the availability and affordability of mortgages. The introduction of this programme has corresponded strongly with an increase in new housing starts, from approximately 120,000 in 2012 to approximately 158,000 by 2014. Help to Buy is expected to continue to 2020, but unexpected changes in the extension and financing of such programmes, could result in reduced residential construction activity in the United Kingdom, which could, in turn, negatively affect the sale of the Group's products in the United Kingdom and have a material adverse effect on the Group's business, results of operations and financial condition. See *Part 5:* "*Industry Overview*"—"*United Kingdom housing construction, recent trends and developments*"—"*Help to Buy*".

The Group benefits from a number of other initiatives as well, which includes the Affordable Rent to Buy programme, Affordable Homes programme and the Right to Buy programme. Each of these programmes has proven beneficial for increasing the demand for bricks, but they are also conditional upon continued government funding and support. Thus, if the UK Government reduces support or financing of these programmes, the Group's sales in the United Kingdom could be negatively impacted.

The brick market in the United Kingdom is also impacted by UK planning guidelines, which often stipulate the use of particular materials including brick to maintain the appearance of the local area. Planning permissions are granted with conditions regarding building materials that will keep new house builds in line with the appearance of existing houses. As brick is the leading material from which houses have historically been built in the United Kingdom, planning guidelines currently encourage the continued use of brick for new house builds. Changes to these planning guidelines could inhibit the long-term growth potential of the brick market by reducing the demand for brick, which could have a material adverse effect on the Group's business, results of operations and financial condition.

A material disruption at one of the Group's manufacturing facilities or quarries or at one of the Group's suppliers' facilities could prevent the Group from meeting customer demand, reduce its revenue and have a material adverse effect its results of operations and financial position.

Any of the Group's manufacturing facilities and quarries or any of the Group's plant or machinery within an otherwise operational facility could cease operations unexpectedly because of a number of events, including but not limited to: industrial action, breakdown or failure of equipment or power supply, explosions, fires, earthquakes, floods or other natural disasters or extreme weather conditions, acts of terrorism, sabotage or vandalism.

The Group owns and operates facilities of various ages. Older facilities are generally less energy efficient, require more manual manufacturing processes and are at an increased risk of damage or equipment failure. The equipment required to manufacture certain of the Group's products is specialised and the time required for replacement of such equipment can be lengthy, which could result in extended downtime in the affected unit. Specifically, disruptions to operations or interruptions in operations of a kiln, which can significantly disrupt or stop the brick production process, have occurred in the past and may occur in the future. The Group has some older soft mud factories, some of which are in need of refurbishment and are less efficient, with higher costs of operation. If any of these factories were to cease operations for any reason, the lack of production from these factories would need to be offset by increased production at other facilities. However, as the Group's UK manufacturing facilities are generally operating at close to their full capacity, it would be difficult in the short term for the Group to offset any stoppages or refurbishment at older facilities by increasing production at other UK facilities. Furthermore, products may not always be capable of being transferred due to differing clays and process.

Any downtime or facility damage could prevent the Group from meeting customer demand for its products or require the Group to make unplanned capital expenditures. If the Group's machines or facilities were to incur significant downtime, the Group's ability to satisfy customer requirements could be impaired, resulting in decreased customer satisfaction and have a material adverse effect on the Group's business, results of operations and financial condition.

In addition, the Group's suppliers are subject to the manufacturing facility disruption risks noted above. The Group's suppliers' inability to manufacture or supply the necessary raw materials for the Group's manufacturing processes could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may be unable to increase its production capacity on time or to budget, or at all, which could have a material adverse effect on the Group's growth and on its business, results of operations, financial condition.

As part of its growth strategy, the Group plans to continue to invest in existing and new production plants to increase its production capacity. For example, on 10 September 2015, the Group received planning approval to build a new soft mud manufacturing plant in Leicestershire, subject to various planning conditions and the completion of a legal agreement covering the routing of heavy goods vehicle traffic to and from the site. The planning conditions include requirements such as size and location of buildings, hours of operation, noise limits, dust limits and tree planting. The Group will also be required to prepare and submit for approval by the Environmental Agency a remediation strategy for works on the old landfill that composes a large portion of the proposed development site. The Group will need to undertake ground investigations and testing in order to formulate the remediation strategy, which testing is expected to take at least several weeks to complete. As such, any earthworks required (construction of foundations, etc.) over the old landfill area will not be able to commence until this condition is completed. Delays or unexpected problems in preparing the remediation strategy could result in delays to the completion of the new Leicester plant. Furthermore, the Group's new Leicester plant project or other current or future projects may not complete on a timely basis, to budget, to plan or at all due to various factors, including: delays or failure to receive planning permission (if applicable); delays or failure to meet certain planning conditions; delays or cost overruns in building and construction, including as a result of adverse ground conditions or delays or failures by suppliers; or inability to recruit and manage appropriately skilled employees.

The Group also invests in maintaining and enhancing the performance of its current production capacity. Such investments and the subsequent performance of work on the Group's existing production plants will increase the Group's expenses and may impact the operation of these existing production plants during periods when these production plants are not fully operational or are unable to operate at their expected capacity or efficiency. Furthermore, there can be no assurance that the Group will be able to achieve the expected return on its

investments in existing and new production plants. If the Group is unable to increase its production capacity on time or to budget, or at all, the Group's growth may be limited by its current production capacity and it may be unable to meet customer demands on a timely basis or at all and may experience prolonged periods of reduced operational efficiency, any of which could have a material adverse effect on the Group's growth and on its business, results of operations and financial condition.

Increasing market share of substitutes for the Group's products and the development of new construction techniques and materials could have a material adverse effect on the Group.

Various other building products can be used as substitutes for many of the Group's products. For example, the Group's bricks compete with other materials that can be used for the cladding of houses or non-residential buildings such as plasters, wood, natural and reconstituted stone, vinyl, fibre cement, stucco, and glass. Sales of the Group's bricks could decline in the event of changes in planning guidance or market preferences that encourage or increase the use of new types of bricks or alternative building materials. New construction techniques and materials developed in the future could decrease the demand and prices for the Group's products. If the Group is unable to continue to improve its existing products and develop new products in response to new construction technology or changing consumer preferences, the Group's business, results of operations and financial condition could be materially adversely affected. Furthermore, governments have provided in the past, and may continue to provide in the future, incentives that support products with which the Group competes and which may correspondingly reduce demand for its products.

The Group's brick business may be adversely affected by competition from imported bricks.

During the downturn in the United Kingdom housing market that began in 2008, the Group and its United Kingdom brick competitors discontinued significant domestic brick manufacturing capacity. The United Kingdom housing market began to recover in April 2013 and by 2014, the market had recovered such that domestic manufacturing output was insufficient to satisfy demand, leading to an increase in brick imports into the United Kingdom from Continental Europe. It is estimated that demand for bricks in the United Kingdom will continue to exceed domestic production capacity over the next few years and, as a result, UK customers may switch to or continue to purchase imported brick products if alternative sources of domestic supply are not available. During such periods of strong demand, lack of product availability or price increases could harm relationships with the Group's customers. As such, if the Group's production capacity does not increase to meet the higher levels of demand, the Group may face increasing levels of competition from such imports, which may result in loss of customers and further loss of market share. Competition from imported bricks could also increase pricing pressures due to increased supply and potentially lower prices. Furthermore, imported bricks could be of differing quality or could employ alternative designs and formulations to domestic bricks, causing consumers to favour them over domestic bricks. These factors could adversely impact the Group's new Leicester plant and the expected investment returns.

In addition, competition from brick imports from Canada and abroad may adversely impact the Group's brick business in the United States. If the Group cannot compete effectively in its markets, its business, results of operations and financial condition may be materially adversely affected.

The Group's business may be negatively affected by volatility in extraction expenses and raw material costs and inability to pass on the increased costs through price increases to its customers.

The Group purchases raw materials such as steel, aggregates and cement for use in the manufacturing, distribution and sale of its products. While the Group attempts to match price increases of raw materials and other inputs with corresponding product price increases, the Group's ability to pass on increases in the cost of raw materials to its customers is, to a large extent, dependent upon market conditions and the Group may not be able to raise product prices immediately or at all. Additionally, the Group may not succeed in passing on the entire cost increase to its customers. The Group's ability to pass on price increases of raw materials and other inputs may also be affected by a temporary decline in demand for the Group's products in the markets in which it is active, increased price competition for market share and the negotiating power of its customers. Independent builders' merchants frequently organise in purchasing cooperatives that provide marketing and billing services for the individual builders' merchant and negotiate annual framework contracts with the Group, including rebates and discounts. The purchasing power of these cooperatives may also impair the Group's ability to pass on cost increases. Typically, price adjustments for the Group's products are announced once a year, and implemented early in each financial year. Such price adjustments reflect the Group's assumptions regarding cost development for the upcoming year and the Group's ability to pass on any assumed cost increases to the customers.

The Group's business, results of operations and financial condition may be negatively affected by volatility in energy costs or disruptions in energy supplies.

The Group's business is dependent on the steady supply of significant amounts of energy in various forms, such as electricity and natural gas, at commercially reasonable terms. The Group's energy costs mainly consist of the cost for the supplies of gas and electricity incurred in connection with the production of the Group's products, particularly the operation of the kilns at the Group's clay brick factories. Alterations in prices of energy, particularly gas or electricity, can have a dramatic effect on budgets, which could make financial performance inconsistent. In addition, the prices the Group pays for its supplies could be affected by increased energy prices. The increase and volatility in energy costs is affected by various factors, including the availability of supplies of particular sources of energy, energy prices and regulatory decisions. In particular, prices for crude oil and gas have been extremely volatile during the last five years. Such volatility may increase as a result of political instability, such as unrest in oil-producing countries in the Middle East, the Commonwealth of Independent States (CIS) countries and North Africa. Energy prices may further increase in the future due to regulatory decisions requiring a shift from conventional energy sources to renewable energy sources. Any significant increase in market price, or other costs associated with the supply of energy, or any failure by the Group's energy suppliers to fulfil their obligations, would increase the Group's operating cost. The Group has not and does not currently hedge any of its future energy costs in the United Kingdom. Although the Group has entered into hedging transactions in the United States with respect to its energy positions, it plans to phase them out by the end of 2015. Consequently, the Group may be adversely affected by increases in energy prices. The Group may not be able to pass on the increased costs fully and without delay to its customers. The Group's ability to pass on energy price increases may also be affected by any decline in demand for its products and increased price competition for market share. Any inability or delay in passing on increases in energy cost to the Group's customers or any interruption in or shortage of energy supply could have a material adverse effect on the Group's business, results of operations and financial condition.

Significant changes in the cost or availability of transportation could adversely affect the Group's results of operations.

Manufacturers in the Group's industry are frequently responsible for delivering products to the customer, and transportation costs associated with the delivery of the Group's products, in most cases by road haulage contractors, constitute a significant portion of the Group's costs. While the Group outsources most haulage, increases in the cost of fuel or fleet maintenance of its suppliers could result in increases in the cost of transportation for the Group, which could have a material adverse effect on the Group's business, results of operations and financial condition. Furthermore, Ibstock Brick utilises a single distribution company for over 80% of its brick deliveries and has done so for many years. Any disruption in this distribution company's service could significantly impact Ibstock Brick's ability to deliver bricks to its customers in a timely manner, which could result in damage to the Group's reputation, a decline in sales and have a material adverse effect on the Group's business, results of operations and financial condition.

The Group receives a significant portion of its revenue from key customers, and the loss of any customer could result in a significant loss of revenue and cash flow. Further, the Group does not have long-term contracts with its customers and the Group's revenue could be reduced if its customers switch some or all of their business with the Group to other suppliers.

The Group derives a significant portion of its revenue and cash flow from key customers. For example, during the year ended 31 December 2014, Ibstock Brick's top ten customers accounted for 61% of the revenue of Ibstock Brick. Likewise, Glen-Gery's top ten customers (all of which are distributors) accounted for 29% of its revenue, Forticrete's top ten customers accounted for 49% of its revenue and Supreme's top ten customers accounted for 50% of its revenue. In particular, Supreme provides concrete rail products to Network Rail under a sole direct-supplier contract, which accounts for a significant portion of Supreme's revenue and contributes to Supreme's position in the market. Were Network Rail to seek dual direct sourcing for its rail products, Supreme would lose revenue and this could impact its position in the market.

If any key customer decreases the amount of business it transacts with the Group or if the Group loses any of its customers, the Group's results of operation, cash flows and profitability could be materially and adversely affected. Likewise, if any one of the Group's key customers breach or terminate their agreements or renegotiate or renew them on terms less favourable than those currently in effect, the Group's results of operations, cash flows and profitability could be materially adversely affected.

Additionally, although the Group has long-standing relationships with many of its customers, these customers generally do not enter into long-term contracts with the Group. Firm volume contracts are not the practice in the UK and US industries, though, in the United Kingdom, the Group enters into targeted volume agreements with many of its key customers which are subject to review and amendment dependent on market conditions. Changes in long-term relationships between key members of the Group's sales and marketing team and influential decision makers at key customers could also result in loss of business with these customers. The Group's customers may choose to cease or reduce purchases of the Group's products at any time in the future. A significant loss of the Group's customers or a significant reduction in their purchases could have a material negative impact on the Group's revenue and business or cause the Group to reduce its prices, which could have a material adverse effect on its business, results of operations and financial condition.

The Group faces credit risk in the normal course of business with customers who buy its products. For example, as at 30 June 2015, 73% of the outstanding debt owed to Ibstock Brick was held by its top 20 customers, including debts of up to £3.8 million, creating a risk that defaults by some of these customers would negatively impact Ibstock Brick's cash flows. The Group purchases credit insurance that would partly mitigate any losses that could be suffered in the event that a debtor was unable to pay its debts. However, the Group cannot guarantee that it will be able to obtain adequate, or indeed any credit insurance cover for its debtors in the future. A significant default by any of the Group's key customers could have an adverse effect on the Group's business, results of operations and financial condition.

The Group operates in a seasonal industry which may affect its results of operations.

The building materials industry is subject to seasonal fluctuations in sales, particularly in the United States, with greater sales volume during the main construction season from March to November. The Group's revenue tends to correspond to such seasonal variation, with higher revenue in the second and third quarters. Weather conditions have a significant influence on the Group's business. Generally, severe adverse weather conditions such as rain, extreme cold or snow can reduce demand by disrupting or curtailing outdoor construction activity. Therefore, results of an interim period may not be a reliable basis for the expectations of a full financial year and may not be comparable with results in other interim periods. Because the Group ordinarily has lower backlog at the start of the calendar year, the Group manufactures its products on the basis of certain assumptions and projections regarding demand over the course of the year. There is no assurance the Group's assumptions and estimates will prove correct, and the Group might build more or less stock than it would be able to sell during the year. This may have a material adverse effect on the Group's sales, business, results of operations and financial condition.

The Group's ability to deliver products can be significantly impeded by severe weather, leaving both equipment and personnel under-utilised, which could have a material adverse effect on the Group's relationships with its customers. Severe weather can have a negative impact on the Group's business, results of operations and financial condition.

The Group is dependent on qualified personnel in key positions and employees having special technical knowledge and skills, and any loss of such personnel could harm its business.

The successful operation of the Group's businesses as well as the further development of its business depends in part on its managers, certain technical specialists and other key personnel. The Executive Directors and Senior Managers have significant experience in the industry and have made an important contribution to the Group's growth and success. The loss of the services of any of the Executive Directors or Senior Managers could have a material adverse effect on the Group's business, results of operations and financial condition. The Group may also not be successful in attracting and retaining such individuals in the future. The Group's future success, in particular relating to its capacity expansion and technological innovation, partially depends on its ability both to retain managers who have a significant impact on the Group's development and to attract and retain technical specialists and other skilled employees able to effectively operate its business. The Group cannot guarantee that it will be able to attract and retain such managers or skilled employees in the future, including in the areas of sales, marketing, technical, production, distribution, R&D, IT and finance. The loss of some or all of the Group's key managers or personnel would lead to a loss of know-how or, under certain circumstances, to the passing on of this know-how to the Group's competitors. Further, the Group's business strategy depends upon its ability to attract and retain employees who have niche skills relating to brick making and concrete production. Competition for those employees could lead to increases in the Group's personnel and recruiting costs. If there were to be a material reduction in the availability of this skilled labour, the Group could experience a shortage of qualified personnel fit to work in its facilities. Such a loss, or the inability to attract, appropriately train, motivate or retain

qualified professionals and skilled employees, or any delay in doing so, could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is dependent on good relations with its employees, unions and employee representatives to avoid business interruptions, implement restructuring and amend existing collective bargaining agreements.

A work stoppage at one of the Group's facilities could cause the Group to lose revenue or to incur increased costs and could adversely affect the Group's ability to meet customers' needs. In the United Kingdom, the Group recognises trade unions at 54% of its plants. Union-organized work stoppages may occur. Additionally, a plant shutdown or a substantial modification to employment terms could negatively affect the Group. Approximately 61% of the Group's work force in the United States is covered by collective bargaining agreements. Any such work stoppages or disruptions could have an adverse effect on the Group's business, results of operation and financial condition.

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

The Group's production, manufacturing and distribution operations are carried out under potentially hazardous conditions. Although the Group operates in accordance with relevant health and safety regulations and requirements, liabilities may arise as a result of accidents or other work force related incidents, some of which may be beyond the Group's control. Accidents, events or conditions that are detrimental to the health and safety of the Group's employees, including, for example, from dust inhalation, could have a material adverse effect on the Group's business, results of operation and financial condition.

The Group is subject to environmental, health and safety laws and regulations and these laws and regulations may change. These laws and regulations could cause the Group to make modifications to how it manufactures and prices its products. They could also require that the Group make significant capital investments or otherwise increase its costs or result in liabilities.

The Group is subject to laws and regulations in the United Kingdom and the United States governing the protection of the environment and natural resources and health and safety, including those governing air emissions, wastewater discharges, the use, storage, discharge, handling, disposal, transport and clean-up of solid and hazardous materials and wastes, the investigation, remediation and monitoring of contamination and the health and safety of employees. The Group is also required to obtain permits from governmental authorities for certain operations including, in the United Kingdom and United States, environmental permits. If the Group expands or modifies its facilities or if environmental, health and safety laws change, the Group could be required to obtain new or modified permits. If the Group were to fail to comply with these laws, regulations or permits, the Group could incur fines, penalties or other sanctions (such as the suspension or revocation of its operating permits). In addition, the Group may be held jointly and severally responsible for the investigation or remediation of any hazardous materials and wastes at past or present facilities owned by the Group or its predecessors and at third-party waste disposal sites (including old landfills for which the Group is responsible or in the event of a closure of a facility). The Group may also be held liable for any claims, penalties or fines arising out of human exposure to hazardous materials or other environmental damage, including damage to natural resources. The Group's failure to comply with existing environmental regulations or liabilities arising from past or future releases of certain regulated materials may result in the Group making future expenditures that could have a material adverse effect on its financial condition, results of operations and cash flows.

The Group cannot completely eliminate the risk of contamination or injury resulting from hazardous materials. Environmental, health and safety laws and regulations, including those related to energy use and climate change, tend to become more stringent over time, and the Group could incur material additional expenses relating to compliance with future environmental, health and safety laws. For instance, as the Group's manufacturing processes use a significant amount of energy, increased energy regulations intended to address the possible emission of greenhouse gases, energy efficiency and climate change could materially increase the Group's manufacturing costs or require the Group to install emissions control or other equipment at some or all of its manufacturing facilities, requiring significant additional capital investments.

In 2003 the Environmental Protection Agency ("**EPA**") promulgated a new rule for the US brick industry with a compliance date of May 2006. The rule, referred to as the National Emission Standards for Hazardous Air Pollutants: Brick and Structural Clay Products Manufacturing and Clay Ceramics Manufacturing (the "**Brick and Clay NESHAP**") required covered US brick manufacturers to install stack scrubbing devices required by the rule, or maximum achieveable control technology ("**MACT**"), with an estimated $100 million spent by the

industry to comply. Glen-Gery spent over $7.1 million to install MACT devices comply with the rule. However, in 2007, the DC Circuit Court vacated the new rule following a determination that the EPA did not properly follow the 1990 Clean Air Act when adopting Brick and Clay NESHAP. Since the newly installed controls were already in place, state environmental agencies had already rolled them into existing facilities' Title V Air Permits. In June 2009, the EPA initiated a new rule-making process to again establish limitations for hydrogen fluoride, hydrogen chloride and metals emitted from brick and clay ceramics kilns and from dryers and glazing operations at clay ceramic manufacturing facilities in the United States. This new rule was proposed in draft in November 2014 and the final rule was issued on 24 September 2015. The final rule will become effective 60 days after its publication in the Federal Register. Based on preliminary information available, the Group's initial assessment is that a small number of the Group's U.S. manufacturing facilities may be affected by the final rule, though emissions data from certain of the Group's relevant plants must first be obtained. As the Group is in the early stages of its evaluation of the final rule, the actual effect and/or control devices needed on these facilities could be greater than current estimates and it is possible that the actual total compliance costs for the Group will exceed the budgeted allowance.

The Group is subject to specific regulatory and policy developments relating to energy efficiency and emissions.

The Group is subject to European Union Directive 2010/31/EU, dated 19 May 2010, on the energy performance of buildings and European Union Directive 2012/27/EU, dated 25 October 2012, on energy efficiency. The European Union directives are aimed at gradually increasing the energy requirements new and existing buildings must meet over the course of the next few years to reduce energy consumption. By 2019, all administrative buildings (and by 2021 all new buildings) within the European Union will have to comply with the so-called "nearly zero energy buildings standard". As these directives are being implemented, they could expose the Group to different risks. Among other things, the Group's R&D costs may increase significantly because it may need to develop products which comply with increased energy saving standards. In addition, the Group's product costs may increase due to the higher production requirements and the Group may not be in a position to pass on such cost increases to the customer. As noted above, these European Union directives may also impact the Group's own operations by requiring further additional capital investments.

The Group's operations result in the release of substantial quantities of carbon dioxide ("**CO2**"). The emission of CO2 is subject to a developing and frequently changing body of laws and regulatory requirements addressing the challenges of global climate change by reducing greenhouse gas emissions, promoting higher efficiency in the use of energy from conventional sources and increasing the use of energy from renewable sources. Further regulations, requirements and incentives may be imposed including through the use of direct and indirect taxes. These measures have the potential to increase the costs of the Group's business. In the European Union, regulations attempt both to reduce greenhouse gas emissions and to establish a mechanism for trading in CO2 emission allowances. Phase III of the European Union Emissions Trading Scheme ("**EUETS**") runs from 1 January 2013 to 31 December 2020. Under EUETS some industry sectors qualify for carbon leakage and therefore are entitled to an initial EUETS allowance allocation of 100% of the benchmark. Under EUETS the manufacture of ceramics and bricks, but not concrete products for construction purposes, currently qualifies for carbon leakage but this will be reviewed in 2019, with any changes being made implemented in 2020. Phase III also allows eligible small emitters and hospitals to choose whether they would opt out of "EUETS" and instead participate in a National Small Emitters Scheme (the administrative burden and administrative costs of compliance are reduced under the National Small Emitters Scheme as compared with EUETS). To be eligible under the National Small Emitters Scheme, verified annual emissions must be below 25,000 tonnes of CO2 from 2008 onwards. Some of the Group's installations are part of this alternative scheme. Both schemes include an annual reduction of the allowances that have been allocated.

Compliance with other existing, new or proposed regulations or the removal of existing exemptions, governing, directly or indirectly, such emissions might also lead to a need to reduce CO2 emissions, to purchase rights to emit CO2 from third parties, or to make other changes to the Group's businesses, all of which could result in significant additional cost or taxes (including an increase in the Group's production costs) or could reduce demand for the Group's products. The market price of CO2 is subject to volatility and could increase substantially in the future, particularly, if the overall number of allowances made available to the market decreases. In addition, the Group requires large quantities of energy in various forms for its production processes. Existing, new and proposed regulations relating to the emission of CO2 by the Group's energy suppliers could result in materially increased energy cost for the Group's operations, and the Group may be unable to pass on these increased energy costs to its customers, which could have a material adverse effect on its business, results of operations and financial condition.

The international community is continuing to negotiate a binding treaty on climate change, which is expected to be finalised in December 2015 at the UN's Conference of Parties in Paris. It is possible that a political agreement on new climate-change related measures will be reached. This may significantly impact on future domestic climate change policy and law. At this stage, it is difficult to predict what such policies and laws may look like and, consequently, what impact they may have on the Group's business.

The Group is subject to reclamation obligations in connection with clay pits.

The Group owns and operates quarries from which it excavates clay to manufacture bricks. With these operations, certain reclamation obligations arise under domestic laws and regulations, which may lead to cash outflows upon complete or partial closure of a pit. Many jurisdictions, including the United Kingdom and the United States, require that reclamation and closure obligations for quarries and pits are secured, primarily through the use of financial assurance mechanisms, such as bonds and bank guarantees. In the event of a material adverse change in the Group's financial condition, financial assurance providers may have the right to decide not to issue or renew the financial assurances. A failure to maintain or renew, or the inability to acquire or provide a suitable alternative for, any such financial assurances could have a material adverse effect on its business.

As of 30 June 2015, the Group's provisions for such measures amounted to a total of £7.5 million. However, the estimated provisions resulting from reclamation obligations may change and the proportion of cost not covered by provisions could increase if the assumptions underlying the Group's estimates are inaccurate or the underlying facts or legal requirements change. This could require the Group to spend greater amounts than anticipated and could have a material adverse effect on the Group's business, results of operations and financial condition.

Exposure to United Kingdom political developments could have a material adverse effect on demand for the Group's products.

Any significant changes in United Kingdom government policies or political structure could have an impact on the Group's business. In particular, the United Kingdom Government has committed to holding a referendum by the end of 2017 on whether or not the United Kingdom should remain in the European Union. Should the United Kingdom exit the European Union, this could reduce immigration into the United Kingdom from mainland Europe and as a result reduce housing demands. The outcome of any future United Kingdom political developments, including but not limited to the referendum and/or any changes in government structure and policies, could affect the fiscal, monetary and regulatory landscape to which the Group is subject and therefore no assurance can be given that the Group's business, results of operations and financial operation would not be adversely impacted as a result.

The Group may be unsuccessful in consummating acquisitions or adequately integrating any acquired businesses without disruption.

To the extent that suitable opportunities arise, the Group may seek to expand its business through the identification and acquisition of companies, technologies, products or services, although there is no assurance that the Group will make any such acquisitions. Any future acquisition poses integration and other risks which may adversely affect the Group's results or operations. The acquisition and integration of companies can be a complex, costly and time-consuming process involving a number of possible problems and risks, including possible adverse effects on the Group's results of operations, diversion of management's attention, failure to retain personnel, failure to maintain customer service levels, disruption to relationships with customers and other third parties, risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired companies. No assurance can be given that the Group will be able to manage any future acquisitions profitably or to integrate such acquisitions successfully.

Any damage to the Group's brands, including through actual or alleged issues with its products, could harm its business and reputation.

The Group believes that the brand awareness, preference and loyalty that some customers, trading partners and suppliers exhibit for its brands are an important competitive advantage. The maintenance and protection of the Group's brands are therefore important for the Group's future success. If the Group is unable to protect and promote its brands effectively, its brands may not be attractive to its customers, trading partners or suppliers. Actual or alleged instances of inferior product quality or of damage caused or allegedly caused by the Group's products (even if these instances occur due to the actions or failures of a supplier or a contractor installing

products incorporating the Group's profile) could damage the Group's reputation and credibility and have a material adverse effect on its business, results of operations and financial condition.

The Group believes that its intellectual property is important to its on-going success and that damage to its intellectual property could harm its business and reputation. Further, because the Group relies on trade secret protection and confidentiality agreements with its employees, if the Group is not able to maintain sufficient secrecy, leaked information could have a material adverse effect on its results of operations and financial condition.

As a company that manufactures and markets branded products, the Group relies on trademark protection to protect its brands as well as its products. The Group also has obtained and applied for patents for certain of its technologies. As of 30 June 2015, the Group owned nine patents (with a further 16 pending) and 94 registered designs. While the Group owns a significant number of patents and trademarks, it protects its technology and especially its process know-how as trade secrets rather than disclosing process details in patent descriptions. The Group principally relies on trade secrets instead of other forms of protection either because patent or trademark protection is not possible, for example where the particular technology that was used could not be exactly identified or would not qualify for patent or trademark protection, or because in the Group's opinion patent or trademark protection would be less effective than maintaining secrecy. In addition, the Group relies upon confidentiality agreements with its employees. To the extent that the Group relies on trade secret protection and confidentiality agreements, there can be no assurance that its efforts to maintain secrecy will be successful or that third parties will not be able to develop the product or technology independently, and the Group may incur significant cost to defend its intellectual property rights. Any loss of secrecy could have a material adverse effect on the Group's business, results of operations and financial condition. Further, there is a risk that third parties, including the Group's current competitors, will infringe on the Group's intellectual property rights, in which case the Group would have to defend these rights. There is also a risk that third parties, including the Group's current competitors, will claim that the Group's products infringe on their intellectual property rights. These third parties may bring infringement claims against the Group or its customers, which may adversely affect the Group's reputation, results of operation, and its customer relationships.

The Group depends on efficient and uninterrupted operations of its information and communication technology, and any disruption to or interruptions in these operations could have a material adverse effect on its business, results of operations and financial condition.

The operation of the Group's production facilities as well as the Group's sales and service activities depend on the efficient and uninterrupted operation of complex and sophisticated computer, telecommunication and data processing systems. The Group's computer and data processing systems and related infrastructure (data centre, hardware and wide and local area networks) are generally exposed to the risk of disturbances, damage, electricity failures, computer viruses, fire, other disasters, cyber-attacks and similar events. Further, older factories operating with programmable logic controllers (PLC controls), which are used for the automation of operating machinery in the manufacturing process, face the risk that these controls could no longer be supported. The Group may be inadequately protected against the effects of such disruptions or the effects of cyber-attacks focused on its business activities, the risks or consequences of which the Group may underestimate. An interruption in the operations of computer or data processing systems could adversely affect the Group's ability to efficiently maintain its production processes and to ensure adequate controls. Disruptions to or interruptions in operations could lead to production downtime which, in turn, could result in lost revenue. Any one or more of these risks, if they were to materialise, could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's insurance coverage may not cover all of the risks to which the Group may be exposed.

The Group faces the risks of loss and damage to its products, property and machinery due to fire, accidents, theft and natural disasters such as floods. Such events may cause a disruption to or cessation of the Group's operations and in some instances the Group's insurance coverage may not be sufficient to cover all of the Group's potential unforeseen losses and liabilities. In addition, the Group's insurance coverage may not cover all of the risks to which the Group may be exposed. If the Group's losses exceed its insurance coverage, or if the Group is not covered by the insurance policies it has in place, the Group may be liable to cover any shortfall or losses. The Group's insurance premiums may also increase substantially because of such claims. Inadequate insurance could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's financial results may be affected by various legal and regulatory proceedings.

The Group is subject to litigation and regulatory proceedings in the normal course of business. The Group could experience additional claims in the future, some of which could be material. The outcomes of litigation and similar disputes are often difficult to predict reliably and may result in decisions or settlements more adverse to the Group than expected. Various factors and developments could lead the Group to make changes in estimates of liabilities and related insurance receivables, where applicable, or make additional estimates, including new or modified estimates as a result of a judicial ruling or judgment, a settlement, regulatory developments or changes in applicable law. A future adverse ruling, settlement or unfavourable development could result in charges that have a material adverse effect on the Group's financial condition and results of operations. Additionally, defending against lawsuits and proceedings may involve significant expense and diversion of management's attention and resources from other matters.

The nature of the Group's business may expose it to warranty claims and to claims for product liability, construction defects, project delay, property damage, personal injury and other damages.

The Group generally provides warranties on its products against defects in materials and workmanship. Some of its products are used in applications where a product failure or construction defect could result in significant project delay, property damage, personal injury or death or could require significant remediation expenses. Because the Group's products, including discontinued products, are long lasting, claims can arise many years after their manufacturing and sale and some products may have extended warranties. Product failures may also arise out of the quality of the raw materials the Group purchases from third-party suppliers or the quality of the work performed by the contractors installing its products, over which the Group does not have direct control. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for significant time periods, regardless of the ultimate outcome. An unsuccessful product liability defence could be highly costly and result in charges that could have a material adverse effect on its results of operations. In addition, even if the Group is successful in defending any claim relating to the products the Group distributes, claims of this nature could negatively affect customer confidence in the Group and its products.

The Group is subject to competition laws in the United Kingdom and antitrust regulations in the United States.

The Group is subject to competition laws and the risk of enforcement actions in the United Kingdom and antitrust regulations in the United States, which could result in fines and/or other sanctions that may severely limit the Group's ability to grow in certain markets and/or its ability to continue its on-going operations in such markets at current levels. Regulatory obligations could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group has obligations to its employees relating to retirement and other obligations and any changes in assumptions or in interest rate levels could have adverse effects on its business, results of operations and financial condition.

Some of the Group's employees benefit from pension arrangements that have been established in the United Kingdom and the United States. The majority of the Group's pension plans are defined benefit pension schemes. As at 30 June 2015, the Group recognised a net post-employment benefit obligation of £29.4 million for its defined benefit schemes based on present obligations arising from future committed contribution amounts under IAS19.

In the United Kingdom, the Group participates in the Ibstock Pension Scheme, a defined benefit pension scheme. The Pensions Act 2004 requires that every defined benefit scheme has a funding objective that it has sufficient assets to cover the amounts required, on an actuarial basis, to make provision for the scheme's liabilities. Contributions to the Ibstock Pension Scheme are payable in accordance with the schedule of contributions and recovery plan agreed between the trustees of the Ibstock Pension Scheme and the sponsor on the basis of its latest actuarial valuation. The latest actuarial valuation of the Ibstock Pension Scheme had an effective date of 6 April 2012. The next formal valuation is currently being carried out with an effective date of 30 November 2014. The preliminary estimated results of that valuation revealed a funding deficit of £107.5 million, although significant contributions have been paid since that date. See *Business Description: Pension Obligations and Retirement Plans*.

The valuation results as at 30 November 2014 are due to be finalised in due course. Agreement has already been reached with the trustees of the scheme on the valuation assumptions.

Currently the Group is required to make cash payments of £7.0 million per year and future service contributions of 16% of pensionable salaries by way of deficit and future accrual payments. These increased payments were agreed with the trustees of the Ibstock Pension Scheme in December 2014.

As part of finalising the 30 November 2014 valuation, a new schedule of contributions and recovery plan will be agreed between the employer and the trustees. However, it is not anticipated that the costs will exceed those currently being paid—namely annual cash payments of £7.0 million per year and future service contributions of 16% of pensionable salaries.

Should a wind-up trigger or insolvency event occur in relation to the Ibstock Pension Scheme, the buy-out deficit at that time would become due and payable by all the employers who participate in the scheme. The estimated buy-out deficit as at 30 November 2014 was £388 million. Since November, the Group has made additional contributions, including a special deficit contribution of £2.8 million in January 2015, and, as part of the Bain Acquisition, a special deficit contribution of £60.0 million in February 2015, using funds provided by Bain Capital.

As at 30 June 2015, the Group recognised an IAS19 liability of £22.1 million in respect of the Ibstock Pension Scheme's deficit.

In the United States, the Group participates in two multi-employer defined benefit pension schemes, being Aluminum, Brick and Glass Workers International Union ("**AB&GW**") and the National Integrated Group Pension Plan ("**NIGPP**") both of which are underfunded. As a result of such underfunding the Group has agreed to additional future rehabilitation funding contributions to the AB&GW plan described below. In the future, the Group may be required to increase contributions to both the plans. Additionally, when an employing company ceases to contribute to such plans, then such company incurs "withdrawal liability" requiring it to pay additional contributions for its share of unfunded benefits. The Group is the largest of three employers who contribute to the AB&GW scheme. If one or more of the other employers were to withdraw, then there could be a "mass withdrawal" under the U.S. Employment Retirement Income Security Act of 1974, as amended, resulting in a liability to the Group. The Directors currently do not have any plans on withdrawing from either scheme. These additional contributions and/or liability for a withdrawal, including a mass withdrawal, could have adverse effects on the Group's business, results of operations and financial condition.

With respect to the AB&GW scheme, a liability has been recognised of £7.3 million for future committed contribution amounts as at 30 June 2015, with an associated recognised deferred tax asset of £2.9 million. With respect to the NIGPP scheme, based on the contribution rates and total withdrawal liability for exit from the NIGPP plan, the Directors have determined that any present obligation arising from the plan is immaterial. As a result, as at 30 June 2015, the Group recognised a combined IAS19 liability of £7.3 million with respect to the AB&GW and NIGPP plans.

With respect to each of the Group's defined benefit plans, pension deficits increase or decrease based on a number of actuarial factors, changes to other assumptions and market conditions. The Group's ability to satisfy pension obligations depends on its future cash flow from operations and may also depend on its ability to access the credit and capital markets. The values attributable to the externally invested pension plan assets are subject to fluctuations in the capital markets that are beyond the Group's influence. Unfavourable developments in the capital markets could result in a substantial coverage shortfall for these pension obligations, resulting in a significant increase in the Group's net pension obligations.

Furthermore, the Group's defined benefit obligations are based on certain actuarial assumptions, including future wage increases, employee turnover, mortality and disability rates. If actual results, especially discount rates, life expectancies or rates of return on plan assets, were to differ from the Group's assumptions, its pension obligations could be higher than expected and it could incur actuarial gains and losses. Any such changes in assumptions or under-performance of plan assets could have adverse effects on the Group's business, results of operations and financial condition.

Because one subsidiary of the Group operates in a currency other than sterling, adverse changes in foreign exchange rates relative to the pound could have a material adverse effect on the Group's reported earnings and cash flow.

A portion of the Group's revenue and expenses are derived from Glen-Gery, a subsidiary of the Group in the United States. As a result, adverse changes in the exchange rate between US dollars and pounds sterling may

impact the Group's results of operations or financial position as reported in pounds sterling. Currency translation risks also arise in connection with intercompany financing activities between Glen-Gery and other of the Group's businesses. The Group also faces transactional exchange risks if costs or income generated in one currency are accompanied by costs or income in another currency. Net currency exposure from sales or expenses denominated in a foreign currency arises to the extent that the Group does not incur corresponding expenses or sales in the same foreign currency.

Risks Relating to the Offer and the Listing

The trading price of the Ordinary Shares may fluctuate in response to various factors, many of which are outside the Group's control.

Following the Offer, the price of the Ordinary Shares may not always accurately reflect the underlying value of the Group's business. The value of the Ordinary Shares may decrease as well as increase, and investors may realise less than the original sum invested. The value of the Ordinary Shares may, in addition to being affected by the Group's actual or forecast results of operations, fluctuate significantly as a result of a large number of factors, some specific to the Group and its operations and some, such as those which may affect brick and concrete products manufacturing companies, that are outside the Group's control, including, among others:

- change in the financial performance of the Group's industry;
- speculation about the Group in the press or the investment community, unfavourable press or strategic actions by competitors (including acquisitions and restructurings);
- changes in law, rules and regulation applicable to the Group and its operations in the United Kingdom or the United States;
- the general economic, social and political environment in the United Kingdom or the United States; and
- fluctuations in the capital markets.

There is not currently a trading market for the Ordinary Shares.

There is presently no public trading market for the Ordinary Shares of the Group, and Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. There can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained. The failure of an active trading market to develop may affect the liquidity of the Ordinary Shares. The Ordinary Shares may therefore be difficult to sell compared to the Ordinary Shares of companies with more liquid trading markets and the share price may be subject to greater fluctuation than might otherwise be the case. Following the Offer, the value of the Group's Ordinary Shares could fluctuate significantly and may result in investors being unable to sell Ordinary Shares at or above the Offer Price or at all.

Substantial future sales of Ordinary Shares could impact the market price of Ordinary Shares.

Upon Admission, Diamond (BC) S.à r.l. will in aggregate hold 215,030,435 Ordinary Shares, representing 53.0% of the issued Ordinary Shares upon Admission (assuming no exercise of the Over-allotment Option). The Ordinary Shares held by it immediately prior to Admission will be subject to lock-up arrangements. The Directors will in aggregate hold 18,657,914 Ordinary Shares, representing 4.6% of the issued Ordinary Shares immediately following Admission (assuming no exercise of the Over-allotment Option). These Ordinary Shares will be subject to lock-up arrangements. Certain Senior Managers, employees and other Shareholders representing, in aggregate, 2.4% of the issued Ordinary Shares immediately following Admission (assuming no exercise of the Over-allotment Option) have also entered into lock-up arrangements. The lock-up arrangements are described in further detail in *Part 13*: "*Details of the Offer*" of this document. Sales of substantial numbers of Ordinary Shares following any relaxation of the lock-up arrangements or time expiration of the lock-up periods or sales by other Shareholders could adversely affect the prevailing market price of the Ordinary Shares.

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

The Group's results of operations and financial condition are entirely dependent on the trading performance of the members of the Group. The Group's ability to pay dividends will depend, among other things, on its financial performance and the availability of distributable profits and reserves and cash available for this purpose. The Group's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive

sufficient dividends from its subsidiaries. The payment of dividends by subsidiaries is, in turn, subject to restrictions, including the existence of sufficient distributable reserves and cash in those subsidiaries as well as certain restrictions in the Group's debt financing arrangements. These restrictions could limit or prohibit the payment of dividends to the Group by its subsidiaries, which could restrict its ability to pay dividends to Shareholders.

The Group's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not guaranteed.

There can be no guarantee that the Group's historic performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its revenue, profit and cash flow may not support the payment of dividends. While the Directors intend to adopt a dividend policy which reflects the underlying earnings and growth of the business and the cash conversion of the Group while retaining sufficient capital in the Group to fund continued investment and sufficient capital reserves, there can be no assurance that the Group will pay dividends in the future. Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, among other things, applicable law, regulation, restrictions, the Group's financial position, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time.

Shareholders in the United States or other jurisdictions may not be able to participate in future equity offerings.

The Articles of the Group provide for pre-emptive rights to be granted to Shareholders, unless such rights are disapplied by a special resolution of shareholders. However, securities laws of certain jurisdictions may restrict the Group's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights unless either the rights and Ordinary Shares are registered under the US Securities Act, or the rights and Ordinary Shares are offered pursuant to an exemption from, or transaction not subject to, the registration requirements of the US Securities Act. The Group cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other Shareholders to exercise their pre-emption rights or, if available, that the Group will utilise any such exemption.

Not all rights available to shareholders under United States law will be available to holders of the Ordinary Shares.

Rights afforded to shareholders under English law differ in certain respects from the rights of shareholders in typical US corporations. The rights of holders of the Ordinary Shares are governed by English law and the Articles. In particular, English law currently significantly limits the circumstances under which the shareholders of English companies may bring derivative actions. Under English law, in most cases, only the Group may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US corporation.

Overseas shareholders may have only limited ability to bring actions or enforce judgments against the Group or its Directors.

The ability of an overseas shareholder to bring an action against the Group may be limited under law. The rights of holders of Ordinary Shares are governed by English law and by the Group's Articles. These rights differ in certain respects from the rights of shareholders in comparable US corporations and some other non-UK corporations. All of the Directors are residents of the United Kingdom and most of their assets are located in the United Kingdom. Consequently, it may not be possible for an overseas shareholder to affect service of process upon the Group or its Directors and executive officers within the overseas shareholder's country of residence or to enforce against the Group or its Directors or executive officers judgments of courts of the overseas shareholder's country of residence based on civil liabilities under that country's securities laws. An overseas shareholder may not be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the United Kingdom against the Directors or executive officers of the Group who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Group or its Directors or executive officers in a court of competent jurisdiction in England or other countries.

The Controlling Shareholder will retain a significant interest in and will continue to exert substantial influence over the Group following the Offer and its interests may differ from or conflict with those of other shareholders.

Immediately following Admission, Diamond (BC) S.à r.l. will continue to own beneficially approximately 53.0% of the issued share capital of the Company (assuming no exercise of the Over-allotment Option) and 47.0% if the Over-allotment Option is exercised in full. As a result, Diamond (BC) S.à r.l. will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. The interests of Diamond (BC) S.à r.l. may not always be aligned with those of other holders of Ordinary Shares.

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

The Group may seek to raise financing to fund future acquisitions and other growth opportunities. The Group may, for these and other purposes, issue additional equity or convertible equity securities. As a result, existing holders of Shares may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

PART 2
PRESENTATION OF FINANCIAL AND OTHER INFORMATION

GENERAL

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

The Company will update the information provided in this document by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs after the publication of the Prospectus and prior to Admission or if this document contains any material mistake or substantial inaccuracy. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to the Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Ordinary Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

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

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, any of the Underwriters or Rothschild or any of their representatives that any recipient of this document should subscribe for or purchase the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase the Ordinary Shares, prospective investors should read this document. Investors should ensure that they read the whole of this document carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved.

Investors who subscribe for or purchase Ordinary Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on any of the Underwriters or Rothschild or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied on the information contained in this document, and no person has been authorised to give any information or to make any representation concerning the Group or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders, any of the Underwriters or Rothschild.

None of the Company, the Directors, the Selling Shareholders, any of the Underwriters or Rothschild or any of their representatives is making any representation to any offeree, subscriber or purchaser of the Ordinary Shares regarding the legality of an investment by such offeree, subscriber or purchaser.

PRESENTATION OF FINANCIAL INFORMATION

Unless stated otherwise, the financial information in this Prospectus has been prepared in accordance with the basis of preparation included in Note 2 of *Section B* of *Part 11*: "*Historical Financial Information*". The accounting policies applied in the financial information of the Group are applied consistently in the financial information in this Prospectus.

IFRS does not provide for the preparation of combined financial information and, accordingly, in preparing the combined financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars, as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board, have been applied.

Ibstock Group Limited and Glen-Gery, which, together with their underlying subsidiaries, comprised all of the operating companies of the Group prior to the Bain Acquisition, were entities under common control prior to the Bain Acquisition. However, since the Company did not control Ibstock Group Limited and Glen-Gery prior to 26 February 2015, the Company is not permitted by IFRS 10 to present financial information incorporating the results of these entities prior to that date on a consolidated basis. Therefore, the historical financial information is prepared on a combined basis prior to 26 February 2015 and on a consolidated basis for the Group from 26 February 2015.

For the years ended 31 December 2012, 31 December 2013 and 31 December 2014 and for the six month period ended 30 June 2014

The combined historical financial information, which has been prepared specifically for the purpose of this document, is prepared on a basis that combines the results, assets and liabilities of each of the companies constituting the Group for these periods.

The financial information is based on the combination of the financial statements of Ibstock Group Limited, Glen-Gery, and each of their underlying subsidiaries, which together comprised all of the operating companies of the Group prior to the Bain Acquisition. For more information see Note 2 in *Section B* of *Part 11*: "*Historical Financial Information*".

For the six month period ended 30 June 2015

For the period pre 26 February 2015, the financial information is prepared on a combined basis as outlined above. For the period from 26 February 2015 through to 30 June 2015, the financial information of the Group is based on the consolidated financial statements of Figgs Topco Limited, the holding company of the Group from 26 February 2015 until immediately prior to Admission, and its subsidiaries. The results for the six months to 30 June 2015 are therefore based on an aggregation of these two periods, noting that the assets and liabilities of the Group were fair valued as part of the business combination as at 26 February 2015, which impacts the subsequent earnings after this date.

The Company is a public limited company incorporated in order to acquire 100% of the share capital of Figgs Topco Limited (and became the holding company for the Group) immediately prior to Admission by way of the Reorganisation. Please refer to paragraph 2 "*Reorganisation*" of *Part 14*: "*Additional Information*" for details of the Reorganisation. The Company's financial year ends on 31 December.

NON-IFRS FINANCIAL INFORMATION

This Prospectus contains certain financial measures that are not defined or recognised under IFRS, including EBITDA, EBITDA before exceptional items and Cash Conversion.

EBITDA, as used in this Prospectus, represents profit for the period before depreciation and amortisation and net finance costs. EBITDA is presented to enhance a prospective investor's understanding of the Group's results of operations and financial condition and to enhance a prospective investor's evaluation of the Group's ability to employ its earnings towards capital expenditures and working capital. EBITDA before exceptional items, as used in this Prospectus, represents EBITDA excluding management charges, share based payments, profit/(loss) on disposal of fixed assets, pension charges and other adjusting items. Cash Conversion, as used in this Prospectus, represents EBITDA before exceptional items less maintenance capital expenditure and changes in net working capital, divided by EBITDA before exceptional items.

The Directors use EBITDA, EBITDA before exceptional items and Cash Conversion in the Group's business to, among other things, evaluate the performance of its operations, develop budgets and measure performance against those budgets. The Directors view EBITDA, EBITDA before exceptional items and Cash Conversion as supplemental tools to assist in evaluating business performance.

EBITDA, EBITDA before exceptional items and Cash Conversion have limitations as analytical tools and prospective investors should not consider EBITDA, EBITDA before exceptional items or Cash Conversion in isolation, as an alternative to consolidated profit before tax, as an indication of operating performance, as an alternative to cash flows from operations or as a measure of the Company's profitability or liquidity. Some limitations of these measures are that:

- these measures do not reflect interest expense, or the cash requirements necessary to service interest or principal payments in respect of any borrowings; and
- these measures are not defined under IFRS and other companies in the Group's industry may calculate these or similarly titled measures differently from how the Group does, limiting their usefulness as a comparative measure.

A reconciliation of EBITDA and EBITDA before exceptional items to profit(loss) before taxation is set out in Note 4 in *Part 11*: "*Historical Financial Information*".

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to "sterling", "pounds sterling", "GBP", "£" or "pence" are to the lawful currency of the United Kingdom. All references to "US dollars" or "US$" are to the lawful currency of the United States. The Company prepares its financial statements in pounds sterling.

ROUNDINGS

Certain data in this document, including financial, statistical and operating information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

MARKET, ECONOMIC AND INDUSTRY DATA

This document contains historical market data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain information regarding market size, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this document consist of Directors' estimates based on data compiled by professional organisations and on data from other external sources, including the Office of National Statistics, Construction Products Association, Dodge Data & Analytics, the Bank of England and the Financial Conduct Authority and from services from The Boston Consulting Group.

Industry publications and market research generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions.

In some cases there is no readily available external information (whether from trade and business organisations and associations, government bodies or other organisations) to validate market related analyses and estimates, requiring the Group to rely on internally developed estimates. Although the Group believes its internal estimates to be reasonable, such estimates have not been verified by any independent third parties and the Group cannot assure investors that a third party using different methods to assemble, analyse or compute market data would obtain the same results. The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this document, except as required by applicable law. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this document and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations.

The Company confirms that all such data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this document, the source of such information has been identified except as described below. Unless stated otherwise, in this document, references to the market share or leadership position in the market of the Company or its competitors is based on management estimates of market capacity or sales information. References to the market position of Glen-Gery as measured by brick despatches, which correlate with brick sales, are based on data from the Brick Industry Association.

In this document, references to the Northeast region of the United States are to Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia and West Virginia and references to the Midwest region of the United States are to Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The geographic scope of these regions may differ significantly from similarly titled regions referred to by other companies or industry participants or in industry publications and market research, and may not be comparable. References to the Group or Glen Gery as a regional leader in the United States refer to its market position in the Northeast and Midwest regions of the United States as described here.

References to "residential housing starts" in the United Kingdom are based on data reported by the Department for Communities and Local Government ("**DCLG**"). References to "residential housing starts" and "non-residential square fleet floor area" in the United States are based on data from Dodge Data & Analytics.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Company has been incorporated under the laws of England and Wales. Service of process upon Directors and officers of the Company, all of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since most directly-owned assets of the Company are outside the United States, any judgment obtained in the United States against it may not be collectible within the United States. There is doubt as to the enforceability of certain civil liabilities under US federal securities laws in original actions in English courts, and, subject to certain exceptions and time limitations, English courts will treat a final and conclusive judgment of a US court for a liquidated amount as a debt enforceable by fresh proceedings in the English courts.

NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Company's or any of its subsidiaries' websites do not form part of this document.

DEFINITIONS AND GLOSSARY

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in *Part 15:* "*Definitions and Glossary*".

INFORMATION NOT CONTAINED IN THIS DOCUMENT

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

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This document includes various forward-looking statements that reflect management's current views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. The words "believe", "expects", "may", "will", "could", "should", "shall", "might", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or, in each case, their negative, or similar expressions and, other variations thereon, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this document, including, without limitation, under the headings "Summary", "Risk Factors", "Industry Overview", "Business" and "Operating and Financial Review" and include statements relating to: the Group's strategy, outlook and growth prospects;

- the Group's operational targets and dividend policy;
- the Group's revenue growth;
- the Group's planned investments;
- the Group's expectation with respect to pricing;
- the expectations as to future growth in demand for the Group's products and services;
- the impact of regulations on the Group and its operations;

- the Group's plans with respect to expanding its manufacturing facilities;
- the Group's plans with respect to maintenance and development capital expenditures;
- general economic trends and trends in the Group's industries and markets; and
- the competitive environment in which the Group operates.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including:

- the macroeconomic environment in the United Kingdom and the United States, including the impact of global financial market conditions on construction activity;
- the cyclical nature of residential construction and renovation and non-residential construction activities;
- changes to the Help to Buy programme and other UK Government housing incentive programmes and planning guidelines;
- changes to United Kingdom planning laws currently requiring the use of brick for certain projects;
- the Group's ability to maintain key customers and renew long-term contracts;
- volatility in extraction expenses, raw material costs and energy costs, or disruptions in energy supplies;
- failure to increase production capacity on time or to budget, or at all;
- the Group's ability to maintain qualified personnel in key positions and retain employees having special technical knowledge and skills;
- changes to environmental, health and safety laws and regulations; and
- the Group's ability to maintain efficient and uninterrupted operations of its information and communication technology.

Additional factors that could cause the Group's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the heading "*Risk Factors*".

Forward-looking statements contained in this document speak only as of the date of this document. The Company, the Directors, the Selling Shareholders, the Underwriters and Rothschild expressly disclaim any obligation or undertaking to publicly update any forward-looking statements, whether as a result of new information, future or changes in events or otherwise, other than as required by law, regulation, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules of the FCA. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein.

PART 3
DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Jamie Pike (proposed Independent Non-Executive Chairman) Wayne Sheppard (Chief Executive Officer) Kevin Sims (Chief Financial Officer) Jonathan Nicholls (proposed Senior Independent Non-Executive Director) Michel Plantevin (proposed Non-Executive Director) Matthias Boyer Chammard (proposed Non-Executive Director)
Company Secretary	Robert Douglas (Group Company Secretary)
Registered and head office of the Company	Leicester Road, Ibstock Leicestershire Leicester LE67 6HS
Joint Global Co-ordinators and Joint Bookrunners	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP
	UBS Limited 1 Finsbury Avenue London EC2M 2PP
Joint Sponsors	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP
	UBS Limited 1 Finsbury Avenue London EC2M 2PP
Joint Bookrunners	Barclays Bank PLC 5 The North Colonnade Canary Wharf London E14 4BB
	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Financial Adviser to the Company	N M Rothschild & Sons Limited New Court St Swithin's Lane London EC4N 8AL
English and US legal advisers to the Company	Allen & Overy LLP One Bishops Square London E1 6AD
English and US legal advisers to the Underwriters	Latham & Watkins (London) LLP 99 Bishopsgate London EC2M 3XF
Auditor and Reporting Accountant	Ernst & Young LLP No.1 Colmore Square Birmingham B4 6HQ
Registrars, Receiving Agent and Nominee	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham BR3 4TU

PART 4
EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Expected timetable of principal events

Event	Time and date[1][2]
Prospectus published/Announcement of the Offer Price and notification of allocations	22 October 2015
Commencement of conditional dealings on the London Stock Exchange	8.00 a.m. on 22 October 2015
Admission and commencement of unconditional dealings on the London Stock Exchange	8.00 a.m. on 27 October 2015
CREST accounts credited	27 October 2015
Despatch of definitive share certificates (where applicable)	Week commencing 2 November 2015

Notes:

(1) It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

(2) The times and dates in the table above are indicative only and are subject to change. All times are London times.

Offer Statistics

Offer Price (per Ordinary Share)	190 pence
Number of Ordinary Shares in issue on Admission[1]	405,500,000
—Number of Ordinary Shares in the Offer to be issued by the Company	52,631,578
—Number of Ordinary Shares in the Offer to be sold by the Selling Shareholders[1]	109,568,422
Total number of Offer Shares	162,200,000
Percentage of the enlarged Company's issued Ordinary Share capital being offered in the Offer[1]	40.0%
Number of Existing Ordinary Shares subject to the Over-allotment Option[2]	24,330,000
Estimated net proceeds of the Offer receivable by the Selling Shareholders[1][3]	£200.9 million
Estimated net proceeds of the Offer receivable by the Company[4]	£83.0 million
Expected market capitalisation of the Company at the Offer Price[5]	£770.5 million

Notes:

(1) Assuming no exercise of the Over-allotment Option.

(2) The maximum number of Ordinary Shares subject to the Over-allotment Option will be 15% of the total number of Offer Shares.

(3) The estimated net proceeds receivable by the Selling Shareholders are stated after deduction of underwriting commissions (excluding discretionary commissions) and other expenses of approximately £7.3 million.

(4) Net proceeds receivable by the Company are stated after bearing underwriting commissions, other estimated Offer-related fees and expenses and VAT of approximately £17.0 million. The Company will not receive any of the proceeds from any sale of Existing Ordinary Shares by the Selling Shareholders in the Offer.

(5) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Offer Price.

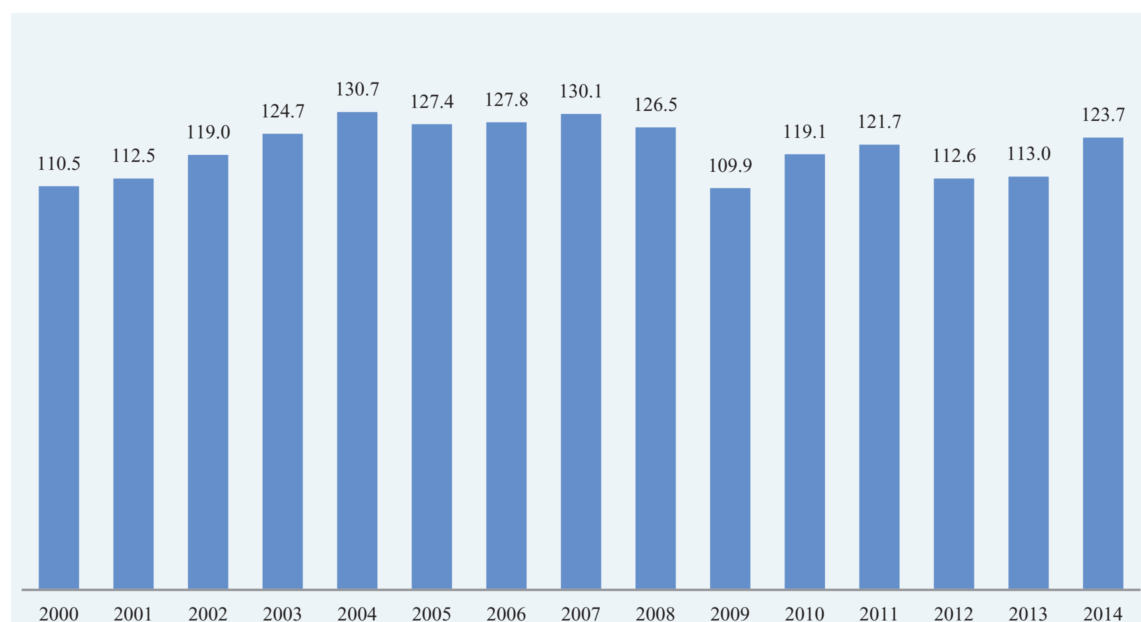
PART 5
INDUSTRY OVERVIEW

Clay and concrete building products are integral components to construction activity, principally housing construction. Demand for these products is thus directly affected by developments in the construction markets to which they are exposed as well as the general level of construction activity. Several macroeconomic factors influence the levels and growth of construction activity, including demographic trends, the state of the housing market, mortgage availability, mortgage interest rates, changes in household income, inflation and government policy.

Total Great Britain construction output was £124 billion[3] in 2014 (a 9.5% increase compared to 2013). The Construction Products Association forecasts Great Britain construction output growth of 4.9% in 2015 and 4.2% in 2016 as activity rises across the key construction sectors of private housing, infrastructure and commercial.

Total US construction output was $962 billion[4] in 2014, a 4.8% increase from 2013 and split 64%:36% between non-residential and residential construction. The Company's primary markets in the United States are the Northeast and Midwest.

Exhibit 1: Historic Great Britain construction output (£ billion)



Source: Office of National Statistics (ONS), Construction Products Association

United Kingdom housing construction, recent trends and developments

The United Kingdom housing market has been structurally undersupplied for a number of years, with housing starts below household formations. The UK Government commissioned the Barker Review in 2004 which suggested the shortage of housing in the UK at that time was approximately 450,000 houses.

The financial crisis of 2007/2008 had a direct impact on housing starts due to the significant decline in construction activity. During the period from 2008 to 2014, DCLG information regarding household formations compared to DCLG information on housing starts indicated that there were approximately 550,000 more household formations during that time as opposed to housing starts, suggesting that the housing shortage had increased by that amount by 2014 (as shown in Exhibit 2), and implying a total housing shortage at the end of 2014 of approximately 1,000,000 houses[5].

[3] Office for National Statistics (ONS), Construction Products Association—Construction Industry Forecasts, Summer 2015

[4] US Census Bureau, 2014

[5] For the period 2005 to 2008, the total number of housing starts was broadly equal to the total numbers of household formations. The total housing shortage in any given year is calculated using the number of total number of household formations in the period minus total number of housing starts in the same period. The housing shortage for the end of 2014 comprises the shortage of 450,000 houses identified by the Barker review in 2004 with the estimated shortage of 550,000 houses from 2008 to 2014.

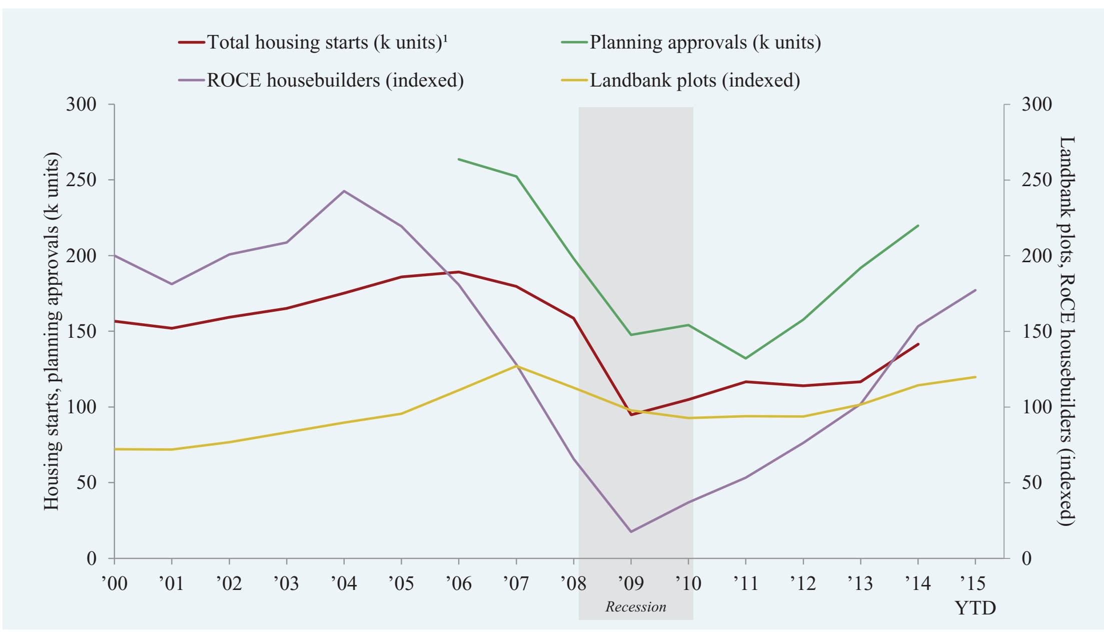
Annual housing starts are forecast to increase by 15% to 181,804 by 2018[6]. Over the same period, the UK Government estimates of household formations in Great Britain are on average 254,000 new houses per annum[7], continuing the structural trend of a shortage of housing.

Exhibit 2: United Kingdom household formations and housing starts

EU monetary system crisis
Financial Crisis approximately 550,000 housing gap created during the financial crisis
Government and cross-party support for increased housebuilding
NPPF[1]
Help to Buy 1
Help to Buy 2
300k
250k
200k
150k
100k
50k
-
1982 1986 1990 1994 1998 2002 2006 2010 2014
Housing starts[2] Household formations[2]

Source: DCLG, Office for National Statistics (ONS)
Notes: 1) NPPF: National Planning Policy Framework; 2) Data for England and Wales

Exhibit 3: Housebuilders' KPIs



Source: Housebuilders annual reports; DCLG; Construction Products Association; Housing starts for England and Wales
Note: Housebuilders represent Barratt, Persimmon, Taylor Wimpey, Bellway and Redrow

After facing difficult market conditions during the financial crisis which began in 2008, the housebuilders profiled in Exhibit 3 above are now profitable once again with an approximate 21% return on capital employed

6 Calcutt Review, Lyons Housing Review, Construction Products Assocation
7 Office for National Statistics (ONS)—Household projections United Kingdom, 1961 – 2037, 27 February 2015

("**ROCE**") and approximately 20% EBITDA margin. This renewed confidence has translated into landbank increases which in turn should convert into an increase in permitted plots. In 2014, 265,000 plots were issued permits, representing a 10% CAGR between 2012 and 2014[8].

Housing supply and affordability has become a major policy issue within the United Kingdom with cross party support for increased supply over recent years. The previous Coalition Government and current UK Government have implemented the following policy initiatives in an effort to increase the supply of housing:

- *Help to Buy:* The Help to Buy programme was designed to encourage home ownership in the United Kingdom. In Phase I, introduced in 2013, the programme committed funds as part of a shared equity programme, which related to new build properties and under which buyers put down a minimum 5% deposit on a home with the UK Government providing up to 20% of the purchase price (on a shared equity basis), all subject to certain qualifying criteria and maximum purchase price limit of £600,000. Phase II introduced a mortgage guarantee to commercial lenders for up to 15% of a property value, requiring only a 5% deposit from potential buyers under the programme. The scheme applied to both new and second hand properties with a maximum value of up to £600,000. In 2013, the UK Government committed £3.5 billion to the Help to Buy programme through to 2016. The 2014 budget increased funding to the programme by £6 billion and extended the programme until 2020. The Conservative Government introduced a Help to Buy ISA as part of the 2015 Budget.
- *Affordable Rent to Buy:* Affordable Rent to Buy was announced in 2013. The programme makes properties available for a limited period of time at sub-market rents in order to allow individuals to save for a deposit to buy a home. The UK Government announced in the 2013 spending round that the programme will receive £400 million (to be made available in 2015 to 2017) in funding for new build homes that will be rented at affordable rents for a limited time before being sold, with the tenant getting the first chance to buy.
- *Affordable Homes Programme, Affordable Homes Programme 2 and Affordable Housing Supply Programme:* The Affordable Homes Programme known initially as the National Affordable Housing Programme, was established in 2008 to increase the supply of new affordable homes in England. In its first round of funding between 2008 and 2011, the Affordable Homes Programme funded 155,000 new homes, including a proportion for low cost home ownership and social rent. In its second round, between 2011 and 2015, the programme will provide £4.5 billion in affordable housing, with the majority of houses to be made available at affordable rents. In its third round (2015 – 2018) as the Affordable Homes Programme 2, it will provide £2.95 billion (£1.7 billion of which is available for the delivery of 165,000 new affordable homes outside Greater London and £1.25 billion of which is available to build 45,000 affordable homes within Greater London between 2015 and 2018).
- *Right to Buy:* Right to Buy was first launched in 1980, giving council housing residents a discount on the purchase of their council house. In March 2013, the UK Government increased the maximum discount for tenants from £75,000 to £100,000 in London. At the same time, the UK Government committed to building a new home for affordable rent to replace each council residence sold to a council tenant. The Conservative Party committed to extend the Right to Buy programme in their 2015 manifesto and reinforced this in the May 2015 Budget, with up to 1.3 million housing association tenants becoming eligible for discounts of up to 70% to buy their own home.
- *Build to Rent Fund:* The Build to Rent Fund was launched in 2012 to stimulate new private rented housing supply. The fund was initially allocated £200 million, which was increased to £1 billion in the 2013 budget.
- *Builders' Finance Fund:* The Builders' Finance Fund will provide £525 million for the years from 2015 to 2017, and it is designed to aid the development of housing schemes of between 15 and 250 units that have slowed down or stalled. It seeks to address difficulties that small developers are facing in accessing development funds and to help bring forward stalled but viable sites. Funding is made available on the basis that it is recoverable. The Fund will make investments over two years from 2015 to 2017 and will be operated as an open competition.
- *Strategic Land and Property:* The UK Government announced in the 2014 budget that its Strategic Land and Property review identified scope to release £5 billion from UK Government land and property to support housing growth and economic development, with brownfield land constituting a significant proportion of this.

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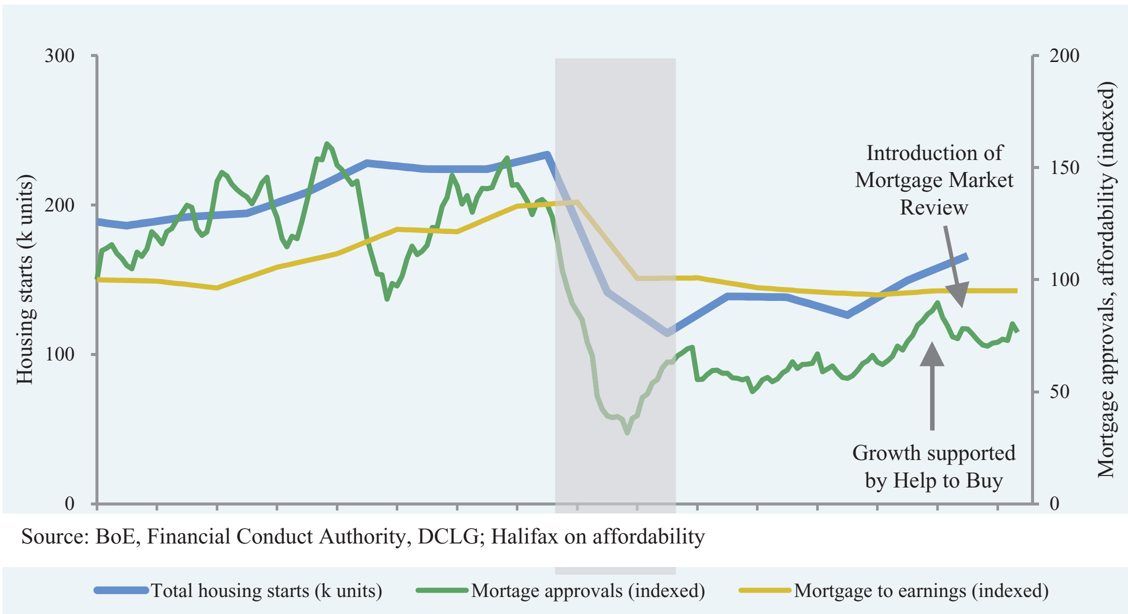
[8] Housebuilders annual reports; DCLG; Construction Products Association

- *New Homes Bonus:* This represents approximately £3.4 billion of grant funding made available to match council tax revenue on new homes conversions and long-term homes brought back into use (2011 to 2016). As of 2015, the programme has created 700,000 net additional dwellings and brought back into use over 100,000 long term empty homes.
- *Get Britain Building:* £500 million investment fund set up to help start construction on at least 12,000 locally-backed stalled sites with planning permission that are experiencing problems accessing finance.
- As per the Summer 2015 Budget, the UK Government has committed to reducing rents in social housing in England by 1% per year for four years. Additionally, funding for local transport projects was announced, with £1.5 million for improvements in the Midlands with the aim to unlock the development of housing on six sites.
- *Housing Growth Partnership*: Announced in July 2015 by the DCLG and Lloyds Banking Group, this scheme will provide £100 million for small house builders, with capital being deployed to support development projects with a gross development value of between £750,000 and £12 million.

Housing demand has been further supported by positive trends in both mortgage approvals and affordability, as illustrated by Exhibit 4, with a mortgage approval CAGR of 5% from 2009 to July 2015.

Exhibit 4: Mortgage approvals and affordability



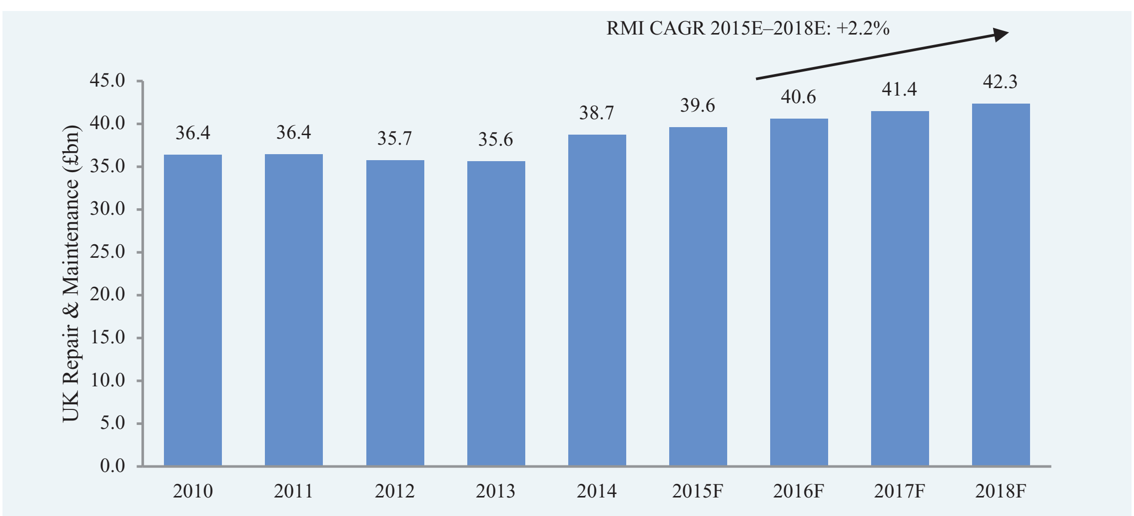
Source: BoE, Financial Conduct Authority, DCLG; Halifax on affordability

UK Repair, Maintenance and Improvement ("RMI") market, trends and developments

Total private residential RMI output in Great Britain in 2014 was approximately £16 billion (Source: Construction Products Association). Historically, the RMI market has been more stable[9] than housing starts. RMI remains primarily driven by gross domestic product, employment, consumer confidence and the level of housing transactions (with individuals renovating homes prior to a sale, or modifying them after purchase). Current underbuilding supports the RMI market. The high proportion of brick usage in new build housing also contributes to future brick demand in the RMI market.

[9] Source: Construction Products Association

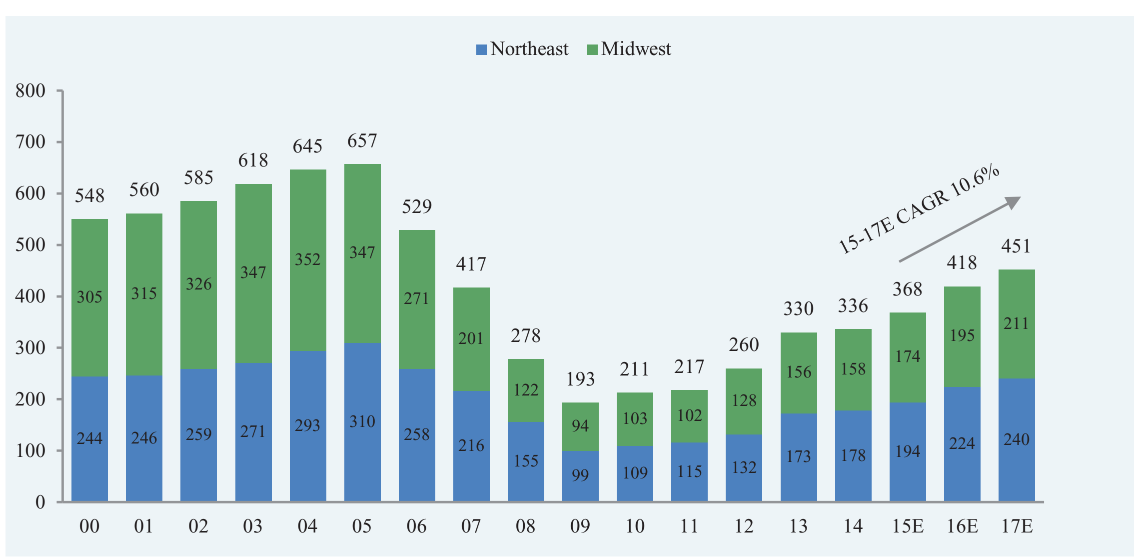
Exhibit 5: Historic and forecasted RMI spending (excluding infrastructure)



Source: DCLG, Construction Products Association
Note: Excluding infrastructure

US housing construction, recent trends and developments

Exhibit 6: Residential housing starts in Glen-Gery's primary markets ('000s)

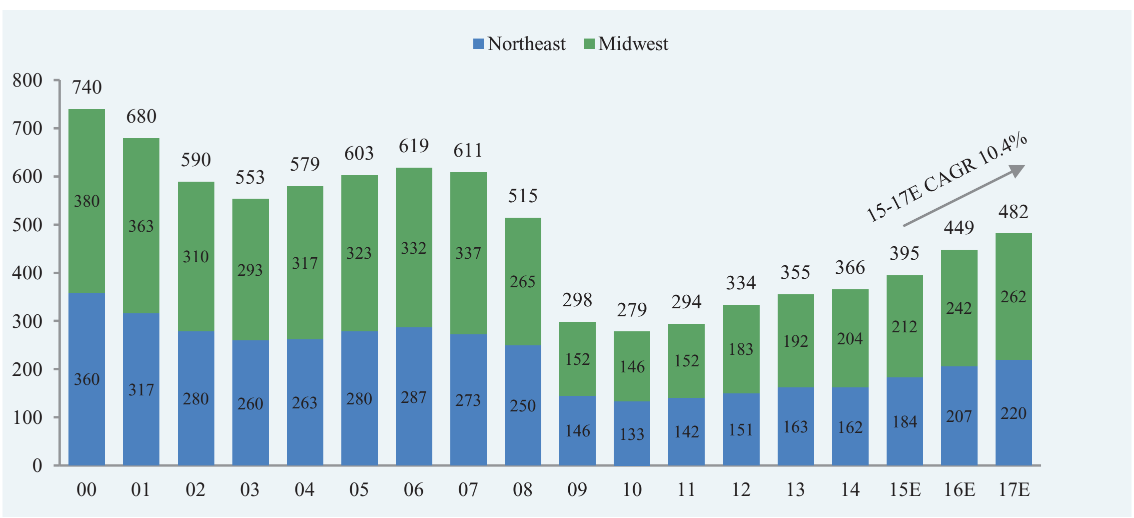


Source: Dodge Data & Analytics
Notes: Northeast states: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia, Virginia, West Virginia
Midwest states: Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas

Housing starts in Glen-Gery's primary markets fell sharply (approximately 70%) from 2006 to 2009 following a peak in 2005. Residential starts then increased from approximately 99,000 and 94,000 in the Northeast and Midwest, respectively, in 2009, to approximately 178,000 and 158,000 in the Northeast and Midwest, respectively, in 2014, with support from improvements in the economy and growth in employment. Between 2015 and 2017 the Northeast region is expected to show a CAGR of 11.2% and the Midwest region a CAGR of 10.0%[10]. Over the same period, growth rates are expected to be broadly comparable to national US housing starts.

[10] Dodge Data & Analytics

Exhibit 7: Glen-Gery non-residential square feet floor area in Glen-Gery primary markets (millions)



Source: Dodge Data & Analytics
Notes: As measured by non-residential square feet.

Non-residential starts are expected to increase by 8% in Glen-Gery's primary markets in 2015 compared to 10% across the USA. Commercial building has seen double-digit growth since 2011 and is expected to perform well. Institutional construction is expected to be driven primarily by education, recreational and transportation facilities. Between 2015 and 2017, the Northeast region is expected to show a CAGR of 9.5% and the Midwest region a CAGR of 11.2%. Over the same period, growth rates are expected to be slightly ahead of the national US non-residential market.

Clay industry overview

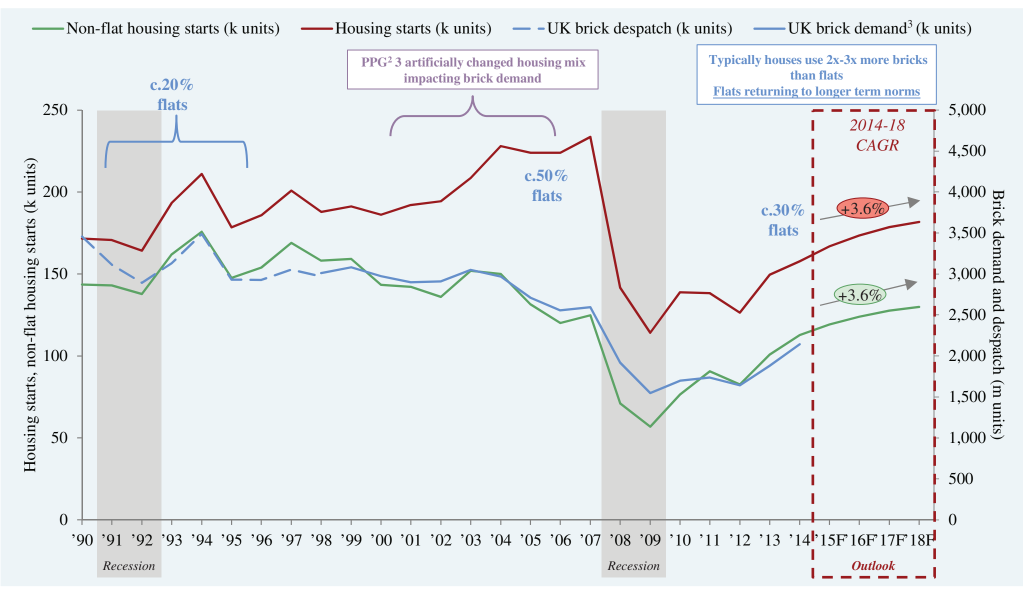
United Kingdom

Bricks are a primary component for homes in the United Kingdom, with an estimated 80% of new homes using bricks within their construction. The market for bricks is largely regional, given the local attributes of different varieties of clay and the high transport costs of the product. Housing starts are an important driver of brick production in the United Kingdom, particularly non-flat housing starts, which correlate significantly with brick demand.

Brick is a low-cost building material compared to the overall construction cost of a house with a brick façade typically representing less than 2% of the selling price of a new house[11]. Despite recent increases in price (a price CAGR between 2013 and April 2015 of 10.8%[12]), bricks remain cost competitive compared to other materials including rendered concrete blocks.

[11] Taylor Wimpey plc H1 Report 2015
[12] UK Government Statistics

Exhibit 8: Brick demand outlook[1]



Source: UK Government Statistics; Construction Products Association; Euroconstruct

Notes:

(1) Total housing starts and non-flat housing starts in the United Kingdom for 1990 to 2013 based on UK Government Statistics, and for 2014 to 2018 based on CPA data for Great Britain.

(2) Planning Policy Guidance.

(3) Demand is domestic despatches plus imports. UK brick demand shown from 1998 due to no import data available before then.

(4) The forecast capacity expansion is based on current announced expansions from competitors. Hanson has held since 2006 (and renewed in 2012) a planning permission to build a large new brick factory at Swillington, near Leeds. The permission is believed to be for a 100 million brick per annum capacity factory. The Directors are not aware of any orders being placed for a new plant and have therefore not included this capacity in forecasts. Hanson also owns a decommissioned factory at Clockhouse which was closed in 2009. The Directors are not aware of any plans to recommission this factory and it has been excluded from the forecasts as well. There may be other projects within the industry designed to increase capacity of which the Directors are not aware.

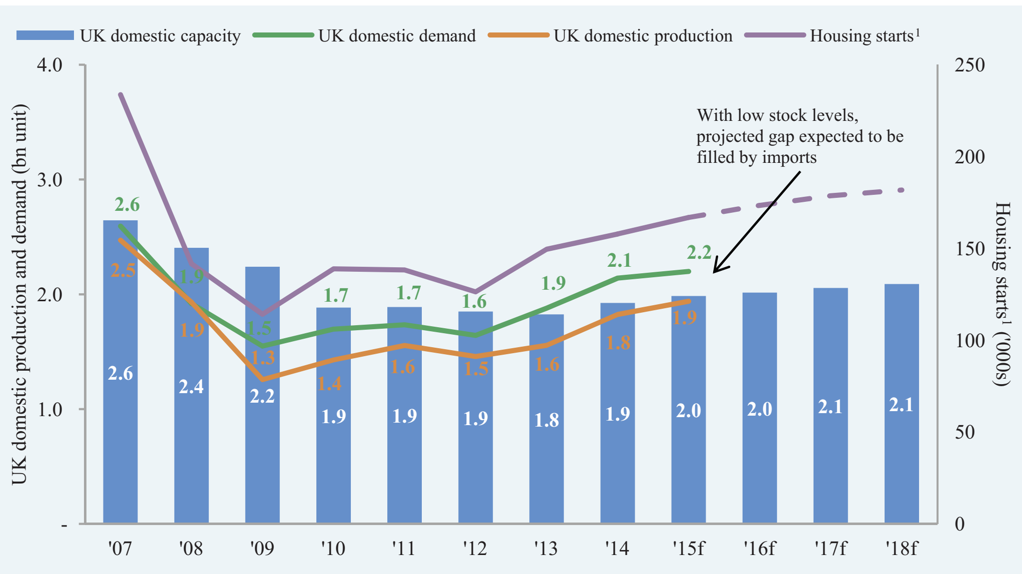
As per Exhibit 8, the brick market saw a decline between 2004 and 2009 primarily driven by two factors:

- Changing mix in housing due to Planning Policy Guidance 3: a tightening of planning policy implemented between 2000 and 2005, which drove the housing mix to accommodate more flats and maisonettes which are less intensive in their use of brick (for developments using brick typically houses use two to three times more bricks than flats).
- The financial crisis: in the 17 month period between January 2008 and May 2009 there was a 40% reduction in brick production as a result of a sharp fall in housing starts whilst building and construction companies suffered from the negative impact of the financial crisis.

As a result of the financial crisis a number of brick producing plants in the United Kingdom were closed permanently or mothballed. Between 2007 and 2013 it is estimated that capacity of 0.8 billion bricks was removed from the UK brick industry, with 0.6 billion units permanently decommissioned and 0.2 billion mothballed. Total UK brick production capacity decreased from approximately 2.6 billion bricks per annum in 2007 to around 1.9 billion bricks per annum in 2010[13] (Exhibit 9). The Directors believe that, since the start of the housing recovery, post Help to Buy in 2013, brick manufacturers have now brought all materially available capacity back online before any new build capacity, with mothballed capacity of 0.2 billion bricks brought back online between 2013 to 2015 and utilisation levels returning to approximately 95%.

13 Management estimate

Exhibit 9: Domestic realisable capacity and demand



Source: UK Government Statistics; Construction Products Association; Company estimates

Notes:

(1) Housing starts in the United Kingdom for 1990 to 2013 based on UK Government Statistics, and for 2014 to 2018 based on CPA data for Great Britain.

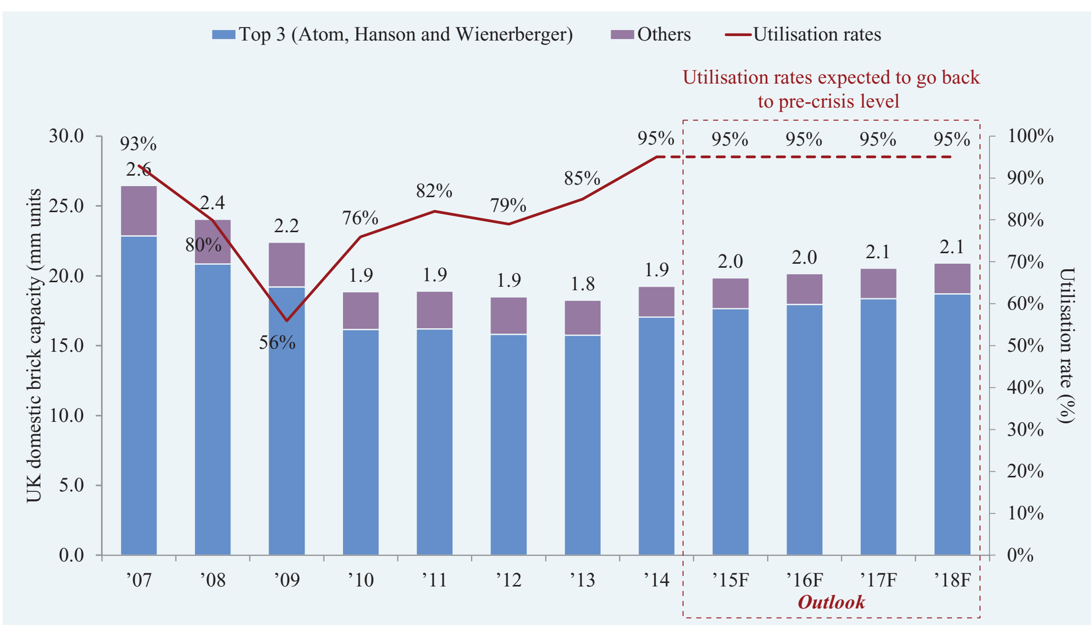
(2) The forecast capacity expansion is based on current announced expansions from competitors. Hanson has held since 2006 (and renewed in 2012) a planning permission to build a large new brick factory at Swillington, near Leeds. The permission is believed to be for a 100 million brick per annum capacity factory. The Directors are not aware of any orders being placed for a new plant and have therefore not included this capacity in forecasts. Hanson also owns a decommissioned factory at Clockhouse which was closed in 2009. The Directors are not aware of any plans to recommission this factory and it has been excluded from the forecasts as well. There may be other projects within the industry designed to increase capacity of which the Directors are not aware.

Currently expected capacity additions include Michelmersh's addition of approximately 6 million bricks at Freshfields Lane in 2015, Hanson's intended addition of approximately 15 to 20 million bricks at Measham in 2016, and Ibstock Brick's addition of approximately 100 million bricks at Leicester in 2017/18. Although some capacity additions are expected from the opening of these new plants, the industry generally expects limited capacity growth as illustrated in Exhibit 10.

It is estimated that in 2013 and 2014 brick stock levels were the lowest in the last 25 years, reducing from just over 0.5 billion to approximately 0.35 billion bricks over the period versus a pre-crisis brick stock level of 1.0 billion bricks, due to increased demand fuelled by the Help to Buy scheme and stock build-up by housebuilders. The industry had returned to a "service" level of stock of around 0.46 billion[14] bricks by July 2015.

[14] Office of National Statistics

Exhibit 10: UK brick market realisable capacity and utilisation rates

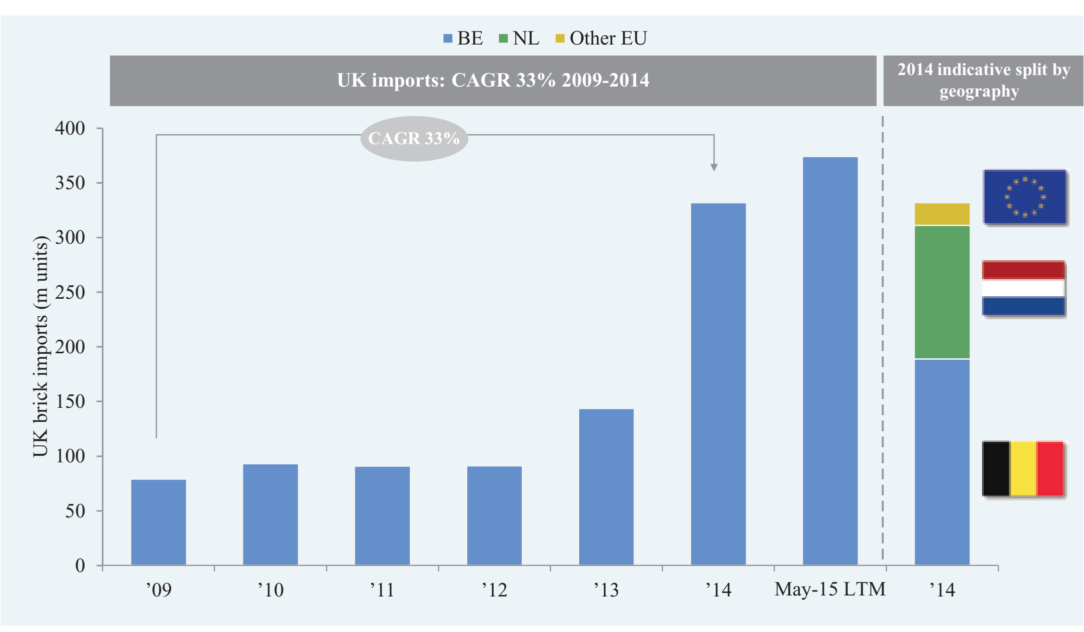


Source Company estimates

Note: The forecast capacity expansion is based on current announced expansions from competitors. Hanson has held since 2006 (and renewed in 2012) a planning permission to build a large new brick factory at Swillington, near Leeds. The permission is believed to be for a 100 million brick per annum capacity factory. The Directors are not aware of any orders being placed for a new plant and have therefore not included this capacity in forecasts. There may be other projects within the industry designed to increase capacity of which the Directors are not aware.

The Directors believe there is now a structural imbalance between supply and anticipated demand in the UK brick market. The shortage of the supply of bricks is currently being met by imports mainly from Belgium and the Netherlands, with UK brick imports growing by 33% from 2009 to 2014, as shown below in Exhibit 11.

Exhibit 11: UK brick imports



Source HMRC, Company estimates

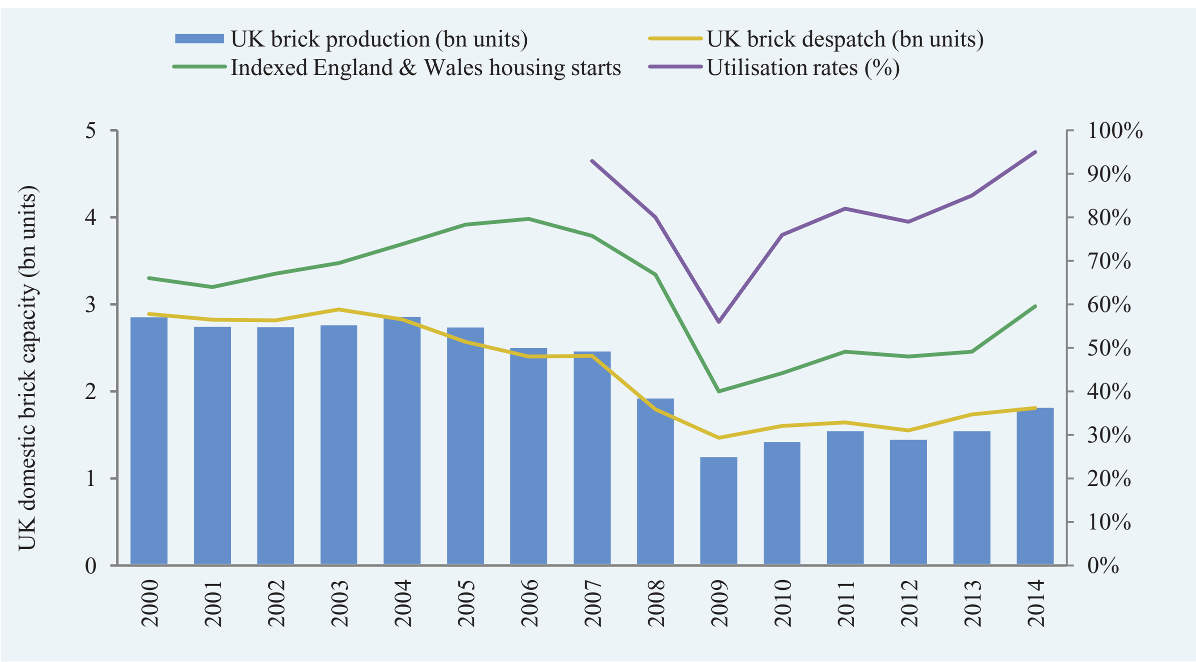
Note: Imports per HMRC statistics; there is some speculation that HMRC figures understate imports in early years; Other includes Germany, France, Italy and Spain

However, the Directors believe that this dynamic may not be sustainable in the longer term due to the high transport costs for imported bricks and growing recovery in housing, and thus brick demand, in the exporting regions. In particular, while brick demand is likely to remain flat in Belgium as houses are substituted by flats, a rebound is expected in the Netherlands due to an expected 9.3% increase in housing starts from 2015 to 2017[14]. This increase in domestic Dutch brick demand is expected to reduce the supply available for export to the UK market.

There are high structural barriers to building new brick capacity in the United Kingdom, given the requirements for access to clay reserves and for planning consents both for clay extraction and for the construction and operation of a manufacturing facility. The capital outlay involved in the construction of a new brick manufacturing facility is relatively large, there are a limited number of turnkey plant suppliers and the timeframe between deciding to progress spending to secure a site for a factory and clay reserves and the full commissioning of a new facility could be approximately five to six years.

In the United Kingdom, approximately 90% of domestic brick production capacity is operated by the three largest players,—Ibstock Brick, Hanson and Wienerberger, with smaller players, including Michelmersh, Raeburn and Carlton constituting the bulk of the remaining 10%. The industry has taken a disciplined approach to the management of brick production capacity over the last decade, continuously adjusting capacity to demand and with a notably rapid reaction to the 2008 to 2009 downturn, as illustrated in Exhibit 12.

Exhibit 12: United Kingdom brick production and housing starts



Source: UK Government Statistics; Construction Products Association; Company estimates

United States

The United States brick market is highly fragmented and regional. Aesthetic tastes in household cladding differ from the United Kingdom with vinyl being the most popular primary facing product. Approximately 36% of all new houses use brick. In Glen-Gery's primary markets of the Northeast, and Midwest there is also a high exposure to large non-residential construction projects.Brick volumes dropped significantly between 2004 and 2011 as a result of significant decline in construction during the financial crisis. In 2014, residential housing starts in the Company's addressable markets were 36,000, 49% below 2005 peaks[15]. A recovery in demand is anticipated by the Directors in line with the forecast housing recovery and forecast increased non-residential demand.

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[14] Euroconstruct

[15] Dodge Data & Analytics

UK Concrete industry overview

Roof tiles

Concrete tiles are the primary roofing material in the United Kingdom with the market estimated to be 22 million square metres of roof coverage in 2014[16]. Similar to brick, the market is primarily driven by house completions (excluding flats). Large format (metric tiles) are the most common type of roof tile in use. The development trend of roof tiles has been towards larger format tiles that are less labour intensive to install and towards tiles that have an improved aesthetic appearance through the use of a thin leading edge to the tile that replicates the appearance of a natural slate tile.

The market is highly consolidated with four large players, Marley (Etex), Redland (Monier), Sandtoft (Weinerberger) and Russells (Mextiles), holding approximately 90% of market share.

Stone Masonry Substitutes

Concrete masonry products are lower cost alternatives to natural stone, with demand for reconstructed and cast stone products primarily driven by housing starts and the use of architectural masonry concrete facing blocks used predominantly in new build commercial and public non-residential projects. The market for concrete masonry is highly fragmented with many small players. Increasing quality standards are being demanded in the market (e.g. CE marks) which may disadvantage smaller players, who find compliance more difficult.

Fencing products

Fence posts historically in the United Kingdom have been constructed from timber and concrete. However, the Directors believe increased substitution of timber by concrete in the future may be driven by:

- Durability—urbanisation and periods of more extreme weather have driven customers to seek more durable fencing products than timber; and
- Price—increased costs of timber have made concrete more competitive as a substitute product.

The Directors believe fencing is historically driven by demand in the RMI market in the United Kingdom.

Rail products

Demand for rail products is influenced by Network Rail control period investment in the United Kingdom rail network. In March 2014 the Coalition Government announced a £38.5 billion investment plan for the United Kingdom's railways. Since the election of the Conservative Government a review has been announced of the original plan which it is anticipated will reallocate priorities for project spend and should be completed post summer 2015.

Pre-stressed elements

The concrete pre-stressed products manufactured by the Group are utilised as structural elements in construction projects with concrete lintels used across all construction sectors and T beams predominantly used in housing applications. These are reasonably fragmented markets which are principally a function of housing starts and renovation activity.

[16] Company estimates

PART 6
BUSINESS DESCRIPTION

Investors should read this "Business Description" in conjunction with the more detailed information contained in this document including the financial and other information appearing in Part 9: "Operating and Financial Review". Where stated, financial information in this Section has been extracted from Part 11: "Historical Financial Information".

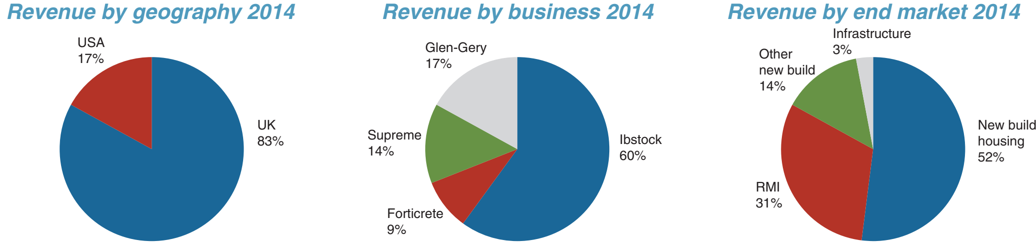
Overview

The Group is a leading manufacturer of clay bricks with a diversified range of clay and concrete products, and operations in the United Kingdom and the United States. Its principal products are clay bricks, brick components, concrete roof tiles, concrete stone masonry substitutes, concrete fencing, pre-stressed concrete products and concrete rail products.

The Group's four primary businesses are:

- Ibstock Brick: The leading manufacturer by volume of clay bricks sold (excluding imports) in the United Kingdom. With 19 manufacturing plants and a total realisable production capacity of approximately 780 million bricks per annum, Ibstock Brick has the largest brick production capacity based in the United Kingdom. Its network of 23 active quarries are generally located close to its manufacturing plants, which limits the transportation costs of raw materials from the quarries to the manufacturing plants. On 10 September 2015, Ibstock Brick received planning approval to build a new soft mud manufacturing plant in Leicestershire, subject to certain conditions. The new Leicester plant is expected to be commissioned in the second half of 2017, and is expected to produce for sale approximately 30 million, 75 million and 95 million bricks in 2017, 2018 and 2019, respectively.
- Glen-Gery: A leading manufacturer, by despatches, of brick in the Northeast and Midwest regions of the United States, with an approximate 24% market share in these regions in 2014 based on volume of brick despatches. Glen-Gery has a network of 10 manufacturing plants, 10 resale centres and 29 active quarries covered by 20 active quarry permits in the United States.
- Supreme: A leading UK manufacturer of concrete fencing products and concrete lintels, with seven manufacturing plants in the United Kingdom. Supreme also manufactures general precast products for the house building and rail sectors.
- Forticrete: A leading UK manufacturer of concrete substitutes for natural stone walling and dressings and niche concrete roof tiles, with seven manufacturing plants in the United Kingdom, with a new planned additional concrete roof tile manufacturing line at its Leighton Buzzard facility, which is currently expected to be operational in the second half of 2016. Forticrete also manufactures concrete architectural masonry walling blocks.

The Group's revenue broken down by geography, business and end market were as follows for the year ended 31 December 2014:



Key Strengths

A market leader in clay and concrete products in the UK and a regional leader in clay products in the US

Ibstock Brick is the leading manufacturer by volume of clay bricks sold (excluding imports) in the UK, with an approximate 40% UK market share based on volume of bricks sold in 2014, excluding imports. With 19 manufacturing plants and a total realisable production capacity of around 780 million bricks per annum, the

Group has the largest brick production capacity based in the UK. In addition, the Group's Glen-Gery business is a leading manufacturer by shipment of brick in the Northeast and Midwest regions of the United States, with an approximate 24% market share in these regions in 2014 based on volume of brick despatches. Approximately 65% of Glen-Gery's revenue was generated from the Northeast region of the United States for the year ended 31 December 2014.

The Group also has a leading concrete business through Supreme, a national (England and Wales) supplier of concrete fencing products and concrete lintels. Supreme also manufactures general precast products for the house building and rail sectors. In addition, Forticrete is a UK market leader in concrete substitutes for natural stone walling and dressings and niche concrete roof tiles. Forticrete also manufactures concrete architectural masonry walling blocks.

The Directors believe the Group's market leading businesses place it in a strong position to benefit from the expected demand growth in the UK and in its regional markets in the US.

Ownership of valuable long term clay reserves coupled with a strong manufacturing base

Clay is the core raw material in the production of bricks and securing access to long term clay reserves near suitable factory locations and necessary infrastructure creates a strategic barrier to entry for others entering the industry. Ibstock Brick and Glen-Gery together have in excess of 150 million tonnes of clay reserves across 23 active quarries in the United Kingdom and 29 active quarries covered by 20 active permits in the United States. The Group aims to have at least 25 years of consented reserves for each of its plants. In addition, the Group has considerable clay resources (unconsented reserves) that do not yet have planning permission for extraction.

The Group has a strong manufacturing footprint with 33 main manufacturing sites in the UK and ten sites within the US. Additionally, the Group has six specialty brick assembly sites in the UK and ten resale centres in the US. The Group's manufacturing plants are located close to strategic transport links. In the UK, the average distribution distance from the production site to the end user is less than approximately 65 miles leading to significant transport cost advantages compared to non-domestic alternatives.

Strong and long-standing customer relationships driven by a service and quality focused Group ethos

The Group has a service-led ethos with many top customer relationships lasting over 40 years. The Group's customer focus is supported by a commitment to quality, service and consistency.

The Group's sales and production teams are highly integrated to ensure that production aligns with customers' needs. Each sales team member receives in-depth technical support training and is assisted by a design support service team as well as targeted marketing materials to assist with specification and selection. The Group also offers services such as next business day sample delivery within its UK clay division and the Directors believe that this service in the UK provides competitive advantage by ensuring it can service customers faster than competitors.

All four of the Group's primary businesses have their own sales teams aligned by customer group and region in order to focus on key decision-makers and customers. Key account management is supervised at a senior level where long-term relationships benefit from the continuity of senior management who have the ability to liaise across the Group's businesses.

The Group has a strong track record of award winning products, including:

- Brick Development Association (BDA) Awards—Ibstock Brick has a 10-year track record of award wins having been in over 70 (more than half) of the award winning categories and six of the "supreme" award winners;
- Queen's Award for Enterprise—awarded in 2001 for Forticrete's Gemini roof tile, which was also awarded Millennium Products status by the Design Council; and
- Brick in Architecture Awards—Glen-Gery has won numerous awards across a broad range of categories in the last five years.

The Directors believe that the Group's focus on customer service is one of the drivers behind the increase in its UK market share of bricks from approximately 31% in 2004 to approximately 40% in 2014 (based on volume of bricks sold, excluding brick imports).

Proven capability to manage its business and deliver strong financial results in the face of challenging economic conditions

During the period January 2008 to June 2009, the UK brick industry experienced a 40% reduction in volume dispatch[17] as a result of decreased construction activity during the financial crisis. The Directors took immediate steps to reduce costs by mothballing one plant and closing a further three. In the UK, the Group also negotiated a Voluntary Alternative Arrangement ("**VAA**") with its labour force that resulted in the reduction of operating costs whilst minimising redundancies.

Such arrangements allowed more of the Group's manufacturing plants to remain open and viable, maintaining skills, development and training. The Directors believe that this maintained employee morale and high levels of customer service through the economic downturn. As the UK construction market began to recover in early 2010, the Group was able to capture increased market share as a result of having maintained this flexibility, strong customer connectivity and high service levels. Furthermore, the Group has a track record of investing in its operations at opportune times in the industry cycle; for example, following investment during the economic downturn, the Group was able to begin operations at its redeveloped brickworks plant at Chesterton, England in the summer of 2013 at the start of the UK housing recovery.

Well positioned to benefit from favourable dynamics in the Group's markets

The Directors believe that there are attractive market fundamentals driving demand in the Group's markets, including:

- increasing household formations and population growth in the UK;
- a significant shortage of homes in the UK;
- improving conditions within the UK economy and within the UK mortgage market;
- strong government support for new housebuilding in the UK via the Help to Buy programme through to 2020; and
- an anticipated residential and non-residential construction recovery in the US supported by strong economic fundamentals.

Since 2013, there has been an insufficient supply of UK produced bricks to fulfill UK demand. Industry participants are currently running at close to full capacity with no additional material domestic capacity currently available to be brought back online. Bricks imported from the Benelux region have been filling the supply gap in the UK since 2013, although imported bricks incur higher transportation costs. The Directors believe that these cost pressures, together with any potential recovery in brick demand in the Benelux region from a recovering housing market in that region, could impact brick imports to the UK market in the future.

Accordingly, the Directors believe there is currently a structural imbalance between supply and anticipated demand in the UK brick market. There are also high structural barriers to building new brick capacity in the UK. A greenfield brick factory site requires access to clay reserves and manufacturing sites with appropriate planning permissions (which may require lengthy approval processes), the technical "know how" to procure and commission the plant and equipment and to construct plant, equipment and buildings on the chosen site. Such sites, close to suitable transportation routes and with gas, electricity and water infrastructure and a suitable work force, are in short supply. It could typically take up to five to six years to develop and commission a new greenfield facility in the United Kingdom.

The Directors believe the Group is well positioned to take advantage of these attractive market fundamentals and expect to further increase its UK brick production capacity through the construction of a soft mud manufacturing plant on Ibstock Brick's current Leicester factory site. The new facility is expected to increase Ibstock Brick's UK brick production capacity by approximately 100 million bricks per annum. The new facility is expected to be commissioned in the second half of 2017, and is expected to produce for sale approximately 30 million, 75 million and 95 million bricks in 2017, 2018 and 2019, respectively.

Dedicated and highly experienced management team

The Group's management team has extensive experience in the building products market. The Group's CEO Wayne Sheppard and CFO Kevin Sims have a combined experience of nearly 50 years at Ibstock and are

[17] Excluding imports

supported by a committed senior management team. The current management team has been instrumental in significantly expanding the Group's leadership positions over the last decade. The current team has also been involved in successfully managing turnaround projects, as well as acquiring and integrating three independent businesses over the past nine years.

Strategy

The Group's aim is to continue to extend its leadership in the building products industry and to be its customers' partner of choice by providing consistent high quality, reliable and innovative products with a constant focus on strong customer service and value. The following are the key elements of the Group's strategy:

Invest in new capacity and optimise output to take advantage of structural imbalances in the Group's markets

The Group is the only UK brick producer to have announced a significant new capacity initiative in the last 12 months. On 10 September 2015, the Group received planning approval to build a new soft mud manufacturing plant in Leicestershire, subject to certain conditions. The new Leicester plant is expected to add capacity of approximately 100 million bricks per annum (approximately 13% of the Group's total annual UK realisable brick capacity) and is expected to be commissioned in the second half of 2017. The new Leicester plant is expected to achieve high levels of labour productivity and energy efficiency as well as increase total current domestic UK brick production by approximately 5%.

The Group has a track record of investment that enhances operating returns given the enhanced labour and energy efficiency of new plants. Ibstock Brick's Chesterton plant, built in 2013, is the UK's most modern brickworks, consolidating production from two previous sites (increasing the total Chesterton site capacity by approximately 67% to 80 million bricks per annum) whilst achieving strong returns on sales well in advance of the Group-wide average.

The Group frequently considers how to improve the efficiency of its plants with a number of further initiatives under consideration, which include, adopting the latest technology to maximize efficiency and reduce costs.

Penetrate markets further through innovative products

The Group has a track record of bringing innovative products to market. Innovations are driven by collaboration with customers, often in a response to their requirements, with a focus on cost effectiveness, compliance with building regulations and ease of installation whilst maintaining quality and aesthetics.

Previous innovations across the Group have included:

- Gemini roof tile—a market changing innovation in the concrete roof tile industry, creating the double lap appearance of two plain tiles with single lap tile design, which delivers customer and installer benefits, including reduced costs, quicker installation time, reduced weight per square metre on the roof and material and transport savings;
- Brickwork components (e.g. faststack chimneys and pre-formed arches)—combining the speed and consistency of manufactured components with the flexibility and cost saving of on-site construction;
- Thin bricks or laminate stone products—to give the aesthetic benefits of a conventional brick wall whilst using less space, with the ability to upgrade existing structures to give the aesthetic benefit of bricks; and
- Anderlite troughs—developed with Network Rail to combine the strengths and benefits of traditional products with a reduction in weight of up to 30%. The Group's Anderlite troughs are currently a lower cost solution than alternative polymer systems currently on the market.

The Group has recently placed equipment orders for a new tile line at Forticrete, which is expected to be online by the second half of 2016 to produce an innovative large format design targeting approximately 55% of the new build concrete roof tiles market in the United Kingdom. The Group's expects this to lead UK tile design evolution towards more efficient products.

Evaluate opportunities to expand existing product portfolio either through organic investment or opportune acquisitions

The Group is focused on being a leading supplier of masonry cladding, roofing, utility and landscaping products within its current markets. A natural extension of the Group's current provision is to expand into new complementary products with comparable routes to market or end uses as well as the potential to manufacture some of its existing UK concrete portfolio within the US. Furthermore, the Group sees the development of component products such as Faststack chimneys and pre-formed arches that support the use of traditional building products as a means of maintaining its products as an affordable and efficient solution for installers.

Management has a proven track record in making investment decisions that have generated material value for the Group. The Group has successfully expanded organically, for example by investment in its plants at Chesterton, Throckley, and Leighton Buzzard, as well as through acquisitions such as Supreme and Anderton Concrete Products Limited ("**Anderton**"). The Group will continue to take a prudent approach to investment decisions in the future with a focus on value creation.

Continuing to focus on a safe working environment that has the development of employees and customer service at its core

The Group is focused on providing a safe working environment and continuously improving safety performance, thereby reducing and eliminating accidents, injury and other employee health concerns. For example, in the United Kingdom, the Group reduced its number of lost time accidents from 24 in 2010 to 9 in 2014. In the United States, Glen-Gery's severity ratio (calculated as number of accident days lost multiplied by 100,000 and divided by employee hours worked) was 3.1 in 2014, representing an accident rate 62% lower than the industry average for the previous three years as reported by the US Bureau of Labor. Employees are at the heart of the Group's business and the Group remains committed to providing continuous professional development and training resulting in low turnover levels amongst its staff.

Such investment in people is at the centre of the Group's service delivery. The Directors believe that the Group's strong customer focus has been a core driver in increasing and sustaining its market leadership positions and the Group remains committed to the continued investment in quality, service and consistency.

History

The Group is headquartered in the village of Ibstock in the East Midlands of England. Each of the Group companies are long-established businesses, with Ibstock Brick's predecessor entity, Ibstock Collieries Limited, operating for nearly 200 years, Glen-Gery operating since 1890, Forticrete operating since the late 1920s and Supreme since 1979.

Ibstock was listed on the London Stock Exchange in 1963. It acquired Glen-Gery in the United States in 1979 and, in the 1990s, continued its expansion geographically by acquiring operations in Portugal. The UK brick operations were expanded by acquiring Tarmac Bricks in 1995, Redland Bricks in 1996 and Hepworth Brick in 1999. Ibstock also acquired certain concrete operations in the 1990s.

In 1999, CRH acquired Ibstock, and its operations in the United Kingdom, the United States and Portugal. The Portuguese operations were divested by CRH immediately following the acquisition. The UK operations of Ibstock Group Limited, which included a concrete products division, were combined with CRH's existing Great Britain concrete products business, Forticrete, to be managed as a combined Great Britain clay and concrete business. The US operations, under Glen-Gery, became part of CRH's Oldcastle operations in the United States.

Under CRH, the management of the Group diversified the clay operations of CRH in Great Britain with the acquisition of Kevington Building Products Limited ("**Kevington**") in 2001, which produces special shaped bricks and brick work components, and the acquisition of Manchester Brick and Precast Limited in 2005, which manufactures brick-faced precast arches. The management of the Group also expanded CRH's concrete products operations in Great Britain with the acquisition of Supreme and Anderton in 2006 and 2007, respectively.

On 15 December 2014, CRH announced that it had entered into an agreement with investment funds advised by Bain Capital Europe LLP or its affiliates (such funds, "**Bain Capital**") for the sale of Ibstock Group Limited and its subsidiaries, Ibstock Brick, Forticrete, Supreme, Anderton and Kevington, together with Glen-Gery in the US. The Bain Acquisition was completed in February 2015, creating the Group in its current form. As part of the transaction, Bain Capital assumed certain debt and pension liabilities relating to the Group.

Principal Products and Brands

The Group is a leading manufacturer of clay building products in both the United Kingdom and key regions of the United States and a leading manufacturer of concrete products in segments of the concrete building products sector in the United Kingdom. The Group's operating businesses include a portfolio of leading brands diversified across regions, products, end markets and sales channels. The Group's brands by product and geographic market are:

Clay

- Ibstock Brick, offering a range of clay bricks and related components in the United Kingdom;
- Glen-Gery, offering a range of clay brick products, as well as a limited number of concrete products, in its core clay brick markets in the Northeast and Midwest regions of the United States;

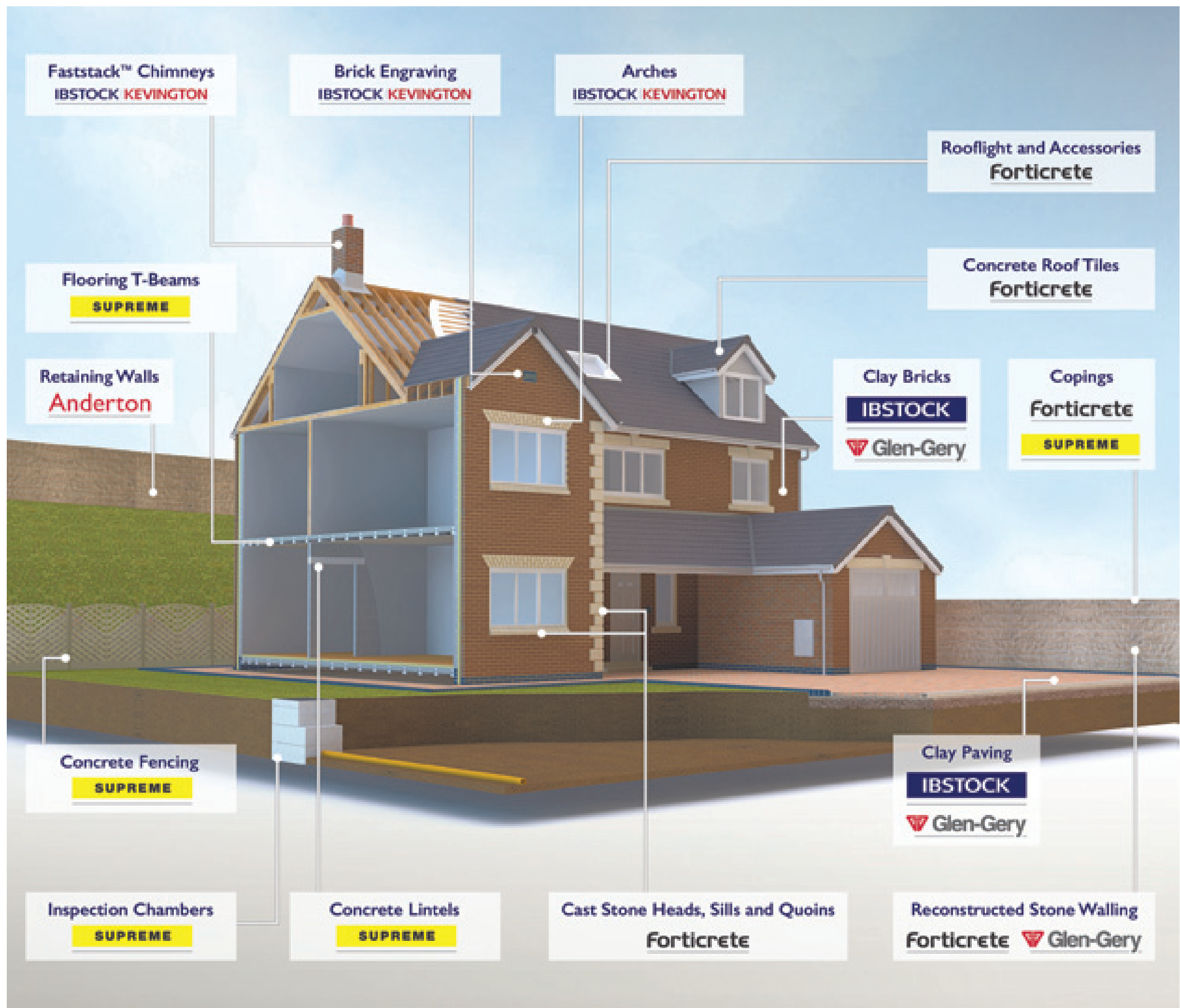
Concrete

- Supreme, specialising in concrete fencing products, pre-stressed concrete lintels and T beams and concrete products for the building and rail sectors in the United Kingdom; and
- Forticrete, offering niche concrete roof tiles and accessories, cast stone and masonry products in the United Kingdom.

The following table shows the Group's primary clay and concrete product offerings by brand and geography:

	Product	UK			USA
		IBSTOCK	Forticrete	SUPREME	Glen-Gery
CLAY	Bricks	✓			✓
	Pavers	✓			✓
	Thin brick	✓			✓
CONCRETE	Fencing			✓	
	Building & structural elements			✓	
	Rail			✓	
	Roof tiles		✓		
	Architectural masonry		✓		
	Landmark stone and walling stone		✓		✓

In both the United Kingdom and the United States, the Group's range of clay and concrete products consists of complementary products that are manufactured, marketed and distributed by the individual operating businesses. The Group's products share routes to markets and have comparable end use and customer base profiles. In the United Kingdom, the Group is a major supplier to the housing sector. The following diagram shows examples of some of the Group's products as used in the construction of a modern home:



Clay

The Group manufactures and sells its clay products through its Ibstock and Glen-Gery brands. Ibstock Brick is the UK's leading manufacturer of clay bricks and related components by volume. Glen-Gery is a regional leader by volume in the clay products industry in the Northeast and Midwest regions of the United States. The Directors believe the Group is the leading clay brick manufacturer in the United Kingdom and a regional leader in the United States due to its product quality and range, the footprint of its manufacturing locations across its markets and its strong focus on customer service and value.

Clay—Products

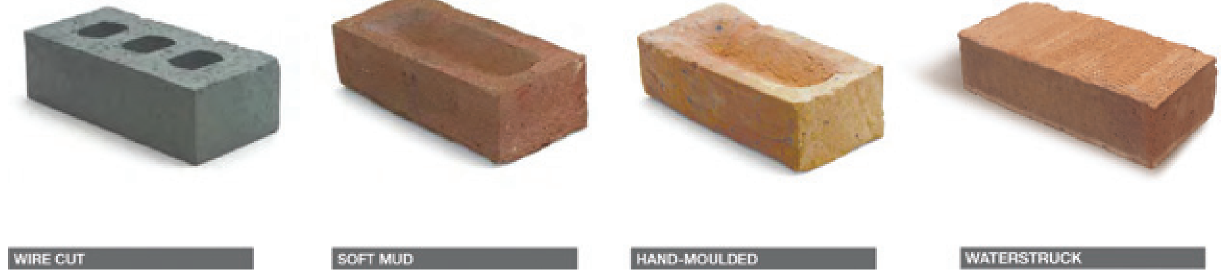
The Group manufactures and sells a range of clay products. While it has an extensive range of clay products, the vast majority of the Group's clay revenue comes from the sale of its wire cut and soft mud bricks. These core products are complemented by a number of innovative and specialised products and components. The clay products of the Group include:

Wire Cut, Soft Mud and Hand-moulded Bricks

The Group manufactures a wide range of products with over 400 different colours of brick in the United Kingdom and in excess of 300 colours in the United States. Different types of clay and manufacturing methods, such as adding dyes and pigments for colour, are used to produce the range of different coloured bricks offered by the Group. Since clay bricks are made from natural materials, colours will vary slightly from batch to batch. The Group's bricks are manufactured in a variety of basic body colours, including reds, buffs, browns and blues. The Group manufactures its bricks in a number of sizes. The Group's bricks are also available in a variety of textures: smooth, creased, dragfaced, rusticated, sanded, or rumbled:

The Group works closely with designers, architects and builders to design and manufacture brick products to meet consumer demands and tastes.

The Group manufactures brick through two main processes: wire cut and soft mud, and utilises other methods, such as hand-moulding and waterstruck, for more bespoke projects. The Group's wire cut, soft-mud, hand-moulded and waterstruck brick products take their names from the processes that create them:



- ***Wire Cut:*** To make a wire cut brick (also called an extruded brick), clay is continuously extruded to a required size and shape. This continuous brick shaped column is initially smooth but textures can be introduced by modifying the extruded column with textured rollers or by blasting the column with sand to create a rusticated effect. The clay column is then cut by wire into individual bricks and is dried or loaded directly onto a kiln car and then dried. The dried bricks are fired in a kiln. Wire cut bricks are generally perforated, to aid drying, but may also be solid. They cannot be frogged (indented in one or more of the bed's surfaces). The wire cut brick manufacturing process is highly automated.

  Wire cut bricks are currently the most widely used form of brick sold by the Group due to its wide use in new home construction. Wire cut extruded bricks are used in all regions of the United Kingdom.

- ***Soft Mud:*** Soft mud bricks are manufactured by placing a mix of clay and water into individual moulds to create the brick shape ejected from the mould and then dried and fired in a kiln. Although manufactured by modern machinery in an automated process, soft mud bricks retain the look of hand-moulded bricks and generally sell at a premium price compared to extruded bricks, but they also have a higher manufacturing

cost. Soft mud plants generally run at lower efficiency and higher capital costs. Soft mud bricks are often frogged to assist the drying process.

Soft mud bricks are used primarily in southern and central England. They are also used to a lesser degree in the United States as more of a specialist product (referred to locally as a moulded brick). The Group manufactures moulded bricks in the United States, mainly at the Group's Mid-Atlantic manufacturing plant, but also at the Iberia manufacturing plant.

- ***Hand-moulded:*** Hand-moulded bricks are made by hand blending a mix of clay and water which is then individually handcrafted and typically placed in moulds, to shape the brick, removed from the moulds and then dried and fired in a kiln. As a premium product with a higher price than the wire cut or soft mud bricks, these bricks tend to be used for prestigious projects, utilised in restoration or refurbishment projects or to meet bespoke individual requirements.
- ***Waterstruck***: Waterstruck bricks are made by pressing a very soft, wet clay mix into a mould. The bricks are then released from the moulds using water pressure rather than sand. Upon ejection, the bricks tend to undergo a natural 'slump' due to their own weight. This creates bricks of varying dimensions with deeper creases/ indentations in their faces which is a highly prized characteristic of the wet 'slop-moulded' technique.

In each of these brickmaking processes, the operation and availability of the kiln is a key factor impacting the speed and volume of production. The kiln is firing constantly at most manufacturing sites dependent on the type of process (tunnel kiln or chamber kiln). Since bricks can be prepared and loaded onto kiln cars over a 24-hour period at a volume that exceeds kiln capacity, much of the clay brick production process can be accomplished during the day to prepare a sufficient number of kiln cars to fill the kiln over a 24-hour period. The majority of the Group's manufacturing plants use tunnel kiln technology in line with the industry norm to achieve energy efficiency. The Group aims to develop innovations in its brick design to reduce the amount of firing time and energy required in the kiln. Over the past few years for example, the Group has increased the size of the perforations in its bricks whilst maintaining product properties, which can reduce the kiln firing time, energy consumption, and the raw materials required in the composition of each brick.

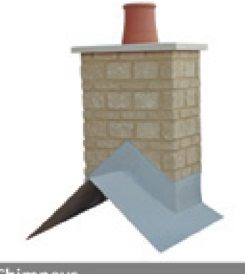
The Group is expected to expand its total soft mud manufacturing capacity through a new manufacturing plant adjacent to its existing Leicester manufacturing plant. The Group received planning approval for the site on 10 September 2015, subject to certain conditions. The Group expects the manufacturing plant to be commissioned in the second half of 2017 and expects the plant to produce for sale approximately 30 million, 75 million and 95 million bricks in 2017, 2018 and 2019, respectively. See "—*Manufacturing Facilities and Properties*" for additional information.

Special Shape Brick and Brick Components

The Group manufactures a variety of special shape bricks and brick components designed to make using bricks quick and easy. These products are marketed under the Ibstock Kevington brand and include special shape bricks, precast and prefabricated brick arches, chimneys and wall cladding systems. These products provide pre-assembled components that remove the need for the construction on site of complex details, such as arches, that are time consuming and require a skilled workforce.

Kevington Specials

Prefabricated brick arch


Chimneys

Brick-wall cladding panels

- ***Ibstock Kevington specials***: The Directors believe that Kevington is the leading producer in the United Kingdom of both manufactured and pre-fabricated special shape bricks that can enhance the appeal of buildings and brickwork, offer aesthetic solutions to architects and add to the attractiveness of houses and non-residential construction.
- ***Pre-cast and prefabricated brick arches:*** Pre-cast arches are cast in-house at Group manufacturing plants. The pre-cast arches are available in lengths of up to 8m. Alternatively, the Group offers prefabricated brick arches, which use thin bricks (as described below). A wide range of prefabricated arches are available.

- ***Chimneys:*** The Group manufactures and sells the Faststack™ ready built chimney range which consists of six standard designs and a number of bespoke possibilities. The prefabricated chimneys are one piece units which are clad in thin brick, stone or render and are faster and easier to install on site than traditional chimneys. They are available for Class 1 and Class 2 applications.
- ***Brick wall cladding panels:*** The Group manufactures Kevington Fastwall™ brick wall cladding panels that are made with thin bricks. They can be fitted to either timber frame dwellings, over common block work, or over existing masonry products. Unlike traditional brickwork, Kevington Fastwall™ brick wall cladding panels can be erected in any weather condition. There is no need for additional foundations, and only a minimal framework is required. As a result, the product is useful for staggered gables and other areas of difficult access.

Thin brick

The Group also offers most of its brick range as a thin brick. Thin brick is slimmer than traditional brick and is often used to re-face an existing facade. Thin bricks do not have a structural function and are not laid the same way a classic brick wall would be laid. Instead, thin bricks are glued against a wall or an insulation panel using adhesive mortar.

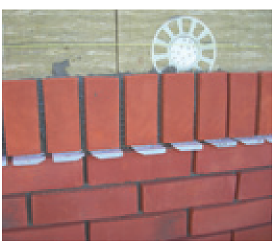
Thin bricks are a growing market in the United States, where thin brick is often used as cladding in residential and in non-residential applications. In the United Kingdom, thin bricks are also used to clad new buildings and to remodel existing buildings to improve their aesthetic appearance.

Pavers

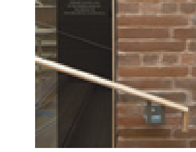
The Group also offers a number of clay pavers that can be used to create garden paths or surface driveways. Ibstock Brick and Glen-Gery offer pavers in several colours and sizes. Ibstock Brick and Glen-Gery also produce a paver that allows surface water to pass through the joints and minimises excess run-off during heavy rainfall. These pavers work with planning requirements in certain areas that require surface finishes, such as paving, to form part of a sustainable urban drainage system.

Innovative or eco-friendly clay products

In addition to its core clay brick, special shaped brick and brick components products described above, the Group has developed and continues to focus on developing innovative or eco-friendly complementary clay products, including:

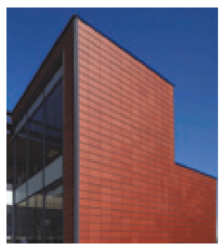


Brickshield



Linear Brick

Fireborn™



Clay rainscreen cladding

- ***BrickShield®:*** The Group utilises its thin brick products in its specialised product offering, BrickShield®, an innovative product system that combines high performance Rockwool® thermal insulation that is covered with an Ibstock thin brick cladding. BrickShield® is used in both new build applications and for upgrading the thermal performance and appearance of old solid wall homes.
- ***Linear bricks***: Ibstock Brick's linear bricks are longer than average bricks and are available in a variety of lengths, widths and colours.
- ***Fireborn™:*** The Group's Fireborn™ range of products are large format clay blocks for facing applications, available in a range of colours, textures and sizes, with sizes up to 490mm, and are a cost-effective alternative to clay rainscreen cladding (described below).
- ***Clay rainscreen cladding:*** The Group manufactures clay rainscreen cladding in the United Kingdom and offers a variety of size, colour and design options under the Elementix™ product label. Clay rainscreen cladding has an outer leaf and an inner leaf. The outer leaf resists rain penetration, helps stream rain off

buildings and keeps the inner leaf relative dry, this is aided through the design, which includes an air cavity between the leaf layers. Elementix™ offers rainscreen cladding in wide-range of natural clay finishes as well as coloured ceramic glazed finishes. This product is used primarily in commercial or contemporary multi-storey new builds.

The Group also produces a number of uniquely shaped clay bricks under the Umbra brand and unfired clay bricks for internal applications marketed as Ecoterre*TM* Earth Bricks.

Clay—Customers and Markets

In the United Kingdom, for the year ended 31 December 2014, 53% of the Group's clay products revenue was generated from new build housing, 38% from the RMI market (primarily driven by residential projects), and 9% from non-residential new builds, such as retail or commercial properties. The Group's key customer groups in the United Kingdoms are housebuilders, builders' merchants and specialist brick distributors, with builders' merchants representing the largest customer group in the United Kingdom. In the United States, the Group's clay products revenue is less dominated by residential markets, with 53% of revenue generated by the residential market, 45% from non-residential projects and 2% from paving in the year ended 31 December 2014. More than half of the Group's customers in the United States are distributors, with the remainder composed of housebuilders, contractors and developers. The large majority of the Group's product revenue in the United States is derived from the sale of bricks.

Clay—Competition

Ibstock Brick operates on a national level in the United Kingdom. Most of its competitors are brick companies since approximately 80% of new homes in the United Kingdom use brick in their construction. Ibstock Brick aims to distinguish itself by its strong customer and supplier relationships. Based on estimates of total capacity in the United Kingdom, the Directors estimate that Ibstock Brick had around a 40% market share of UK brick manufacturing capacity as of 31 December 2014. Its two main competitors are Hanson Building Products Limited and Wienerberger AG, but there are also a number of smaller manufacturers in the market.

In the United States, Glen-Gery has established itself as a regional leader in the clay products industry in the Northeast, which comprises Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia and West Virginia, and the Midwest markets, which comprises Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. Glen-Gery had an approximate 24% market share in its key markets of the Northeast and Midwest in 2014 based on volume of brick despatches. Glen-Gery's primary competitors are regional and national players, including Acme Brick Company (a unit of Berkshire Hathaway Inc.), Belden Brick Company, Boral USA (a unit of Boral Limited), General Shale, Inc. (a unit of Wienerberger AG) and Hanson, a division of Hanson Building Products Limited. Due to the prevalence of alternative building materials in the United States, Glen-Gery also competes with manufacturers of other materials such as wood, vinyl, fibre cement stucco and manufactured stone. Glen-Gery attempts to distinguish itself from its competitors by its customer service, its focus on quality, the breadth of its product portfolio, premium positioning and its manufacturing footprint.

Concrete

Supreme and Forticrete are the Group's principal concrete manufacturing businesses. Supreme is the UK's leading national manufacturer of concrete fencing products, pre-stressed concrete lintels and concrete products for the rail sectors. The Directors believe that Supreme also has a strong regional position in the manufacture of T beams for concrete flooring in the South East of England. Forticrete is a niche manufacturer of concrete roofing products and a leader in reconstructed stone walling and cladding, cast stone and architectural masonry products. Glen-Gery also manufactures a limited number of concrete walling and cladding products providing complementary product offerings in the United States to the Group's clay business.

Concrete—Products

Roof Tiles

Forticrete offers pitched concrete roof tiles in a variety of designs, colours, blends and finishes. Forticrete is recognised as an innovator in the design and production of concrete roof tiles and holds a number of patents relating to its roof tile products.

Forticrete's concrete roof tiles are made from cement, sand, admixtures, water and pigments. These materials, with the exception of the pigments, are deposited in a pan mixer and blended. The mixture is conveyed to a mechanical mixer for further blending, adding the pigments and additional water. From the mechanical mixer, the concrete mix is extruded onto moving pallets and then cut to form individual roof tiles. A pre-cure coating is then added and the tiles are placed in curing chambers. Post-curing, the tiles are finish coated and dried. The roof tiles are then collated and packaged, and stored for the appropriate period to allow the concrete to harden fully before delivery to the customer.

Forticrete also manufactures plastic fittings and accessories for its roof tiles, such as roof tile clips, which are sold and distributed alongside the roof tiles. Sales of plastic fittings and accessories are an important contributor to the performance of the Group's concrete segment as they are higher margin products.

Forticrete's concrete roof tile products include:

- ***Gemini®:*** These roof tiles have a double cambered design and offer a cost effective alternative to traditional smooth plain tiles. The double cambered design gives them the appearance of two traditional plain tiles side by side when laid. They were designed to replicate the look and feel of traditional plain tiles, but are of a single, rather than double lap design. They are quicker to install and weigh less than traditional smooth plain tiles per square metre, leading to reduced costs, quicker installation time, reduced weight per square metre on the roof and material and transport savings. They can be laid on a rafter pitch down to 22.5 degrees. They come in a variety of colours and are also available with a textured sand-faced finish. Gemini tiles were recognised as a market innovation in the plain roof tile market and received the Queen's Awards for enterprise innovation in 2001 in connection with its design. A new factory was built in 2005 to accommodate sales growth of the Gemini product.
- ***V2® Reroofing Tiles*:** These 15 inch x 9 inch roof tiles are interlocking. They are available in five smooth colours and two granular colours and are often used to replace roofs on older terraced properties.
- ***Hardrow® Slates:*** Formed from concrete, these roof tiles have comparable architectural properties and aesthetic appeal to natural stone or slate. They are offered in random widths or diminishing courses (slates that get progressively smaller towards the ridge) to enable traditional laid effects and in a variety of colours to suit regional needs. The range offers bespoke fittings to suit a variety of roof shapes and designs.
- ***Complementary product offerings:*** Forticrete produces a number of customised and associated plastic fittings products, dry fix and ventilation systems for each range of roof tile product offering. Typically the plastic fittings products are sold as a package with the roof tiles in new build residential applications. The custom fit of these to Forticrete's specific products make them an integral part of Forticrete's product offerings.

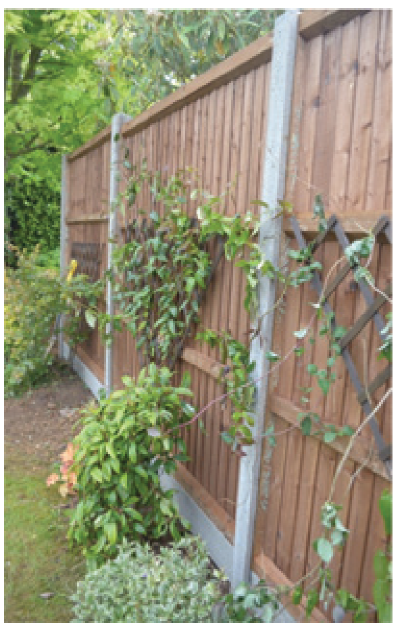
Forticrete's roof tiles are primarily sold to new build residential applications. However, its products are also used in the RMI market, such as the V2® reroofing tile, and its Centurion® low pitch roof tile which is capable of being laid to a rafter pitch of 12.5 degrees, popular due to the prevalence of low-pitched roofs in house extension projects.

The Group is investing in a new concrete roof tile manufacturing line at its Leighton Buzzard facility, which is currently expected to be operational in the second half of 2016. The new tile line will produce a new range of large format tiles protected with registered designs and patents, targeting the majority of the UK's new build concrete tile market.

Stone masonry concrete substitutes

Forticrete is a leading UK manufacturer of aesthetic concrete substitutes for natural stone walling blocks and dressings. Forticrete also manufactures concrete architectural masonry walling blocks. Substitute stone products are predominantly used in house building whilst architectural walling blocks are principally utilised in new build commercial and public non-residential cladding applications. Glen-Gery also offers a veneer stone walling product—Landmark Stone.

Fencing Products



Supreme offers a variety of pre-cast concrete fencing products which include slotted posts, morticed and recessed concrete posts, concrete posts for chainlink or welded mesh and concrete gravel boards or panels. These products are "grey" concrete products manufactured using a semi dry or a wet cast manufacturing process.

Semi dry products are manufactured with concrete discharged from a machine hopper into a mould containing steel reinforcement bars with high frequency vibration used to compact the mixture and then manually finished off to the required quality standard. The products are de-moulded using an instant de-mould system by turning the moulds over and allowing them to move free from the mould. Due to the compaction of the material through vibration, the products are free standing. Freshly cast products are transferred onto a curing rack where they undertake a 24 hour curing process. Cured products are lifted from the curing pallets using an automatic stacking system. In a wet cast process, steel reinforcement bars are placed into each mould and concrete is discharged from the machine hopper into the mould. The concrete is either self-compacting (using the addition of a chemical admixture) or standard wet concrete when a vibrator is used to consolidate the material. In the wet cast process, the concrete is cured in the mould before de-moulding by the next production shift.

Rail Products

Supreme supplies concrete cable trough cable protection products under the brand Anderton Concrete. It is a Network Rail approved supplier offering the full range of concrete troughing products that are manufactured in a precast process and on the same equipment utilised to manufacture fencing products.

Structural Elements

Supreme offers precision-made structural concrete products, including pre-stressed lintels and T beams for beam and block flooring systems and concrete blocks for modular retaining and walling systems.

In a pre-stressed process, concrete is extruded or slip-formed onto tensioned steel cables in a single continuous action over a distance of up to 150 metres. The product is left on the casting beds until it has reached the correct strength to allow for the stress in the steel cables to be released. The products are then saw cut into the desired product lengths. In the concrete block production process, a concrete mix is delivered to steel moulds in an automated block press. Utilising both vibration and a mechanised press the product is compacted to the correct dimensions and density and the pressed product is then transferred to be cured. In some cases the cured product will require splitting as a secondary process to give an exposed face appearance. In these cases the units are sent to a splitting line before being packed.

Concrete—Customers and Markets

In the United Kingdom, for the year ended 31 December 2014, 68% of Forticrete's concrete products revenue was generated from new build housing, 21% from the RMI market, and 11% from other new builds (primarily commercial). Over half of Forticrete's product revenue was from its roofing products, with walling and cast stone representing a significant proportion of the remainder for the year ended 31 December 2014. For the year ended 31 December 2014, 21% of Supreme's product revenue was generated from new build housing, 51% from the RMI market, and 28% from new commercial and infrastructure (primarily from Supreme's concrete rail trough products). Product revenue from its fencing and building products constituted approximately 50% of its revenue for the year ended 31 December 2014, with the remainder of product revenue comprised mainly of prestressed concrete products as well as concrete rails. The Group expects a significant pick-up in demand from the rail industry in 2016, subject to a number of quoted major rail projects being completed.

Concrete—Competition

In the United Kingdom, the Group manufactures concrete products primarily through Forticrete and Supreme. Glen-Gery also manufactures a limited range of concrete products for the Group in the United States.

Forticrete's operations are divided into the concrete roof tile market and the masonry market.

Within the United Kingdom the roof tile market has four significant manufacturers: Marley Eternit Limited (Etex), Redland Roof Tiles (Braas Monier), Russell Roof Tiles and Sandtoft, (Wienerberger AG). Forticrete currently has a small market share, which the Directors believe differentiates it as a niche manufacturer which can focus on innovative products and on targeting new build residential applications.

The masonry market in the United Kingdom is heavily fragmented and Forticrete occupies a leading position in the United Kingdom in the supply of aesthetic concrete walling stone replica products. Forticrete also manufacturers concrete architectural masonry walling blocks. The Directors believe that Forticrete's strong presence in this area is a result of its ability to supply its products throughout the United Kingdom with its comprehensive product range utilising its national manufacturing footprint and its large technical sales force. In the masonry market, its main competitors include Aggregate Industries through its Bradstone brand, Amber Precast Limited and Pennine Stone Limited, and it also competes against additional smaller manufactures active in the market. The Group estimates that Forticrete is one of the largest manufacturers in the UK cast stone market by revenue and is the largest UK producer of reconstructed walling stone by capacity.

The concrete fencing market and the other precast and pre-stressed markets in which Supreme operates are fragmented. Supreme is the leading supplier in the United Kingdom of concrete fencing products, concrete lintels, and concrete rail troughs and has a leading regional position in the supply of T beams. Its main competitors in precast products are Allen Concrete and FP McCann and its main competitors in pre-stressed products are Cemex Readyfloor, Naylor Concrete Products Limited, Rackham Housefloors Limited, Stressline, and TT Concrete Products Limited. Supreme strives to differentiate itself from its competitors in these markets by utilising its national manufacturing and distribution footprint, the scale and breadth of its product offering, product quality and a continued focus on delivery and service levels.

Sales and Marketing

The Group sells its clay and concrete products to a diverse group of customers in the construction industry in the United Kingdom and United States. Builders merchants, housebuilders, specialist brick distributors, and contractors and installers are the four main customer groups for the Group's clay products in the United Kingdom. In the United States, clay products sold to distributors constituted approximately 72% of sales for the year ended 31 December 2014, with the remainder sold to house builders, contractors and developers. These customers are not always the same as the individuals and organisations that are making the buying decisions for the Group's products. In many cases, the preference of the end customers dictates the choice of product rather than the intermediary that actually purchases the product from the Group.

Each of Ibstock Brick, Glen-Gery, Forticrete, and Supreme has its own sales team that is aligned by customer group and region. Within the United Kingdom, each business is assisted by a design support service. Key account management is supervised at a senior level which liaises across the Group's businesses.

Each sales member benefits from the Group's targeted marketing materials, which include actively managed websites that provides full product overview and tools to assist the specification and selection process. Within its

UK clay segment, Ibstock Brick offers a next business day sample service. The Directors believe that this service in the UK provides competitive advantage by ensuring it can service customers faster than competitors. Furthermore, the Group has invested in app design and sales force equipment (such as iPads), to allow for on-line discussion of products, technical assistance and pricing control between the sales team and customers.

The Group's sales and marketing strategy is designed to reach all decision-makers responsible for the use and purchase of clay and concrete building materials represented by the Group's product offering. The Group's sales teams target decision-makers, such as housebuilders, builders' merchants, architects, or distributors, depending on the particular markets. In the decision-making process for the choice of clay and concrete products, the Directors believe that the Group benefits from the broad recognition of its brands, its reputation for quality, aesthetics and its focus on customer service, including customer-service driven innovations such as small load service and next business day sample services. The Group focuses on regularly improving its customer service and introducing such customer service innovations that will enhance the customer's experience.

The Group seeks to maintain and develop lasting customer relations. Both in the United Kingdom and the United States, the Group's clay business has significant customers with long-term relationships with the Group. The average length of the relationship of the Group's top ten customers is 37 years.

The majority of the Group's clay and concrete products are generally made to inventory, though certain cast stone, brick components and rail troughs are made to order. The Group has target levels of inventory for its products that it attempts to keep available at its manufacturing facilities to meet demand. Inventories are held at manufacturing facilities and, in the United States, are also at its resale centres. Because many of the Group's products have decorative functions, the Group attempts to predict customers' changing tastes and manage its inventory accordingly.

As at 30 June 2015, the Group had 148 employees in sales and marketing. The compensation of the Group's sales force is partly performance-based, comprising a base salary and a performance related bonus scheme.

Research and Development

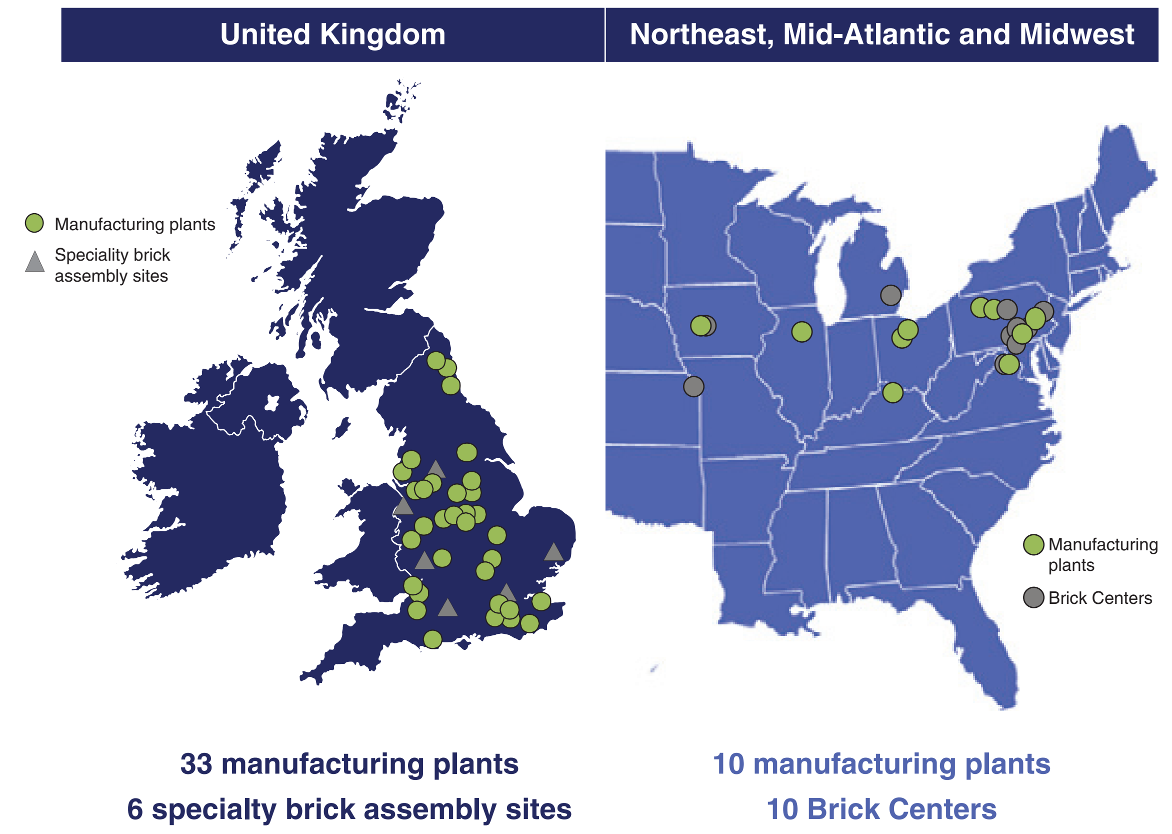
The Group continually seeks to improve the quality of its existing products and processes, as well as to introduce new products through innovation and investments in new technology. The Group's innovation efforts are primarily pursued at each of the Group's four primary operating businesses. Examples of innovative products developed include: Ibstock Brickshield insulation product and the extended range of Fireborn; Glen-Gery's thin tech brick cladding system that uses a mounting system for thin brick; Forticrete's Gemini tile and the new large format tile; and Supreme's anti-theft device added to protect the cables secured within its rail cable troughs and a lightweight cable trough to ease manual handling. Furthermore, at the Group level, innovation is pursued through collaborative projects among the businesses. Ibstock Brick developed a clay rainscreen cladding. The Group recognised the same product could be used by Forticrete to produce a polished concrete rainscreen as an alternative to the clay rainscreen and developed this product in the alternative material.

Manufacturing Facilities and Properties

The Group has a strategic operational footprint across its United Kingdom and United States markets. Its main manufacturing locations consist of 33 manufacturing plants and six specialty brick assembly sites in the United Kingdom and 10 manufacturing plants and 10 resale centres in the United States. The Group's clay brick manufacturing plants are located near strategic raw material reserves and urban areas where demand for bricks is high. As discussed below, the Group expects to build a soft mud manufacturing plant adjacent to its existing Leicester manufacturing plant, which is currently expected to be commissioned in the second half of 2017. The Group received planning approval for the new Leicester plant on 10 September 2015, subject to certain conditions.

The Group's concrete manufacturing plants providing fencing, structural elements, rail products and building products under the Supreme brand are geographically distributed around the United Kingdom creating a national plant network with scalable production capacity. The Group's concrete masonry products, alternative cladding products to natural stone marketed under the Forticrete brand, are manufactured across the United Kingdom at plants located near areas where stone has historically been sold. Similarly, the Group selected a plant in Leighton-Buzzard, a location in the Southeast of England which is well located to serve the active South East building market in the United Kingdom, to produce its concrete roof tiles. Within the United Kingdom and the United States, plants are also strategically located close to main transportation links to facilitate distribution.

The following map shows the geographic locations of the Group's main manufacturing plants:



The following table provides additional information about the Group's principal manufacturing facilities:

Facility	Location	Owned or Leased
Ibstock Brick		
Dorket Head	Nottingham	Factory owned, Quarry part owned and part leased
Chesterton	Newcastle Under Lyme (Stoke on Trent)	Owned
Leicester	Ibstock, Leicestershire	Owned
Throckley	Newcastle Upon Tyne	Part owned, part leased
Parkhouse	Newcastle Under Lyme (Stoke on Trent)	Owned
Cattybrook	Bristol	Owned
Ravenhead	Skelmersdale	Owned
Laybrook	West Sussex	Owned
Ellistown	Ellistown, Leicestershire	Owned
Atlas	Walsall	Owned
South Holmwood	Newdigate, Surrey	Owned
Ashdown	East Sussex	Owned
Nostell Works	Wakefield, Yorkshire	Factory owned, quarry leased
Aldridge	Walsall	Owned
Birtley	North East	Owned
Lodge Lane	Cannock	Leased
West Hoathly	East Sussex	Factory owned, quarry leased
Chailey	East Sussex	Owned
Swanage	Dorset	Factory owned, quarry leased
Glen-Gery		
Mid-Atlantic	Shoemakersville, Pennsylvania	Owned
York	York, Pennsylvania	Owned
Iberia	Iberia, Ohio	Owned
Marseilles	Marseilles, Illinois	Owned

Facility	Location	Owned or Leased
Hanley	Summerville, Pennsylvania	Owned
Capitol	Manassas, Virginia	Leased
Redfield	Redfield, Ohio	Owned
Caledonia	Calendonia, Ohio	Owned
Bigler	Bigler, Pennsylvania	Owned
Landmark stone	Cynthiana, Kentucky	Owned
Supreme		
Sittingbourne	Sittingbourne	Leased
Barnwell	Peterborough	Leased
Bedford	Bedford	Owned
Northwich	Anderton, Cheshire	Leased
Telford	Telford, Shropshire	Owned
Bootle	Merseyside	Leased
Evesham	Evesham	Leased
Forticrete		
Anstone	Sheffield	Leased on a long lease (of de minimus rent), part owned
Cebastone	Leicestershire	Owned
Leighton Buzzard	Bedfordshire	Owned
Masoncrete	Darley Dale, Matlock	Owned
Shearstone	Midsomer Norton, Bath	Part owned, part leased
Stretton	Staffordshire	Leased
Thornley	Shotton Colliery, Durham	Leased on a long lease (of de minimus rent)

Due to expected increases in demand for its bricks in the United Kingdom, the Group reopened its Leicester SM1 manufacturing plant in the United Kingdom that was mothballed during the financial crisis, with all available capacity restarted by the end of 2014. However, certain manufacturing plants were sold during the financial crisis. As of 30 June 2015, the Group's total clay brick realisable capacity was approximately 780 million and 457 million bricks per annum in the United Kingdom and United States, respectively. The Group's clay manufacturing plants in the United Kingdom are currently running at or close to full realisable capacity, with the operations in the United States at approximately 49% in the six months ended 2015.

To increase its capacity, the Group expects to build a soft mud manufacturing plant adjacent to the existing Leicester manufacturing plant, which is currently expected to be commissioned in the second half of 2017. This plant would increase the Group's UK brick capacity by approximately 100 million bricks per annum, which represents a 13% addition to Ibstock Brick's current realisable production capacity in the United Kingdom, and increase headcount by approximately 40 employees. Once operational, the plant is expected to produce for sale approximately 30 million, 75 million and 95 million bricks in 2017, 2018 and 2019, respectively. The Group received planning approval for the site on 10 September 2015, subject to various planning conditions and the completion of a legal agreement covering the routing of heavy goods vehicle traffic to and from the site. The planning conditions cover requirements such as size and location of buildings, hours of operation, noise limits, dust limits and tree planting. The Group will also be required to prepare and submit for approval by the Environmental Agency a remediation strategy for works on the old landfill that composes a large portion of the proposed development site. Since the Group intends to build the new manufacturing plant on an existing site, it will benefit from existing transport and utility links, along with an established work force. The Group has budgeted approximately £10 million, £34 million and £10 million in 2015, 2016 and 2017, respectively, to build the soft mud manufacturing plant, with a targeted internal rate of return ("**IRR**") of above 25%.

The Group is fortunate to have options to grow its capacity on its existing sites. The Directors believe that for a new entrant greenfield site to manufacture new bricks it could take up to five to six years due to the time needed to find and access suitable clays, acquire planning permission for a factory, construct the manufacturing plant and achieve full commissioning.

During the six months ended 30 June 2015, Supreme's concrete manufacturing production plants had a total annualised capacity of 340,000 tonnes and operated at close to existing capacity at peak periods (overall capacity utilisation was approximately 85% for the period). The Group also intends to add a new concrete roof tile manufacturing line at its Leighton Buzzard facility, which is currently expected to be operational in the second half of 2016, to increase the capacity of the Group's concrete tile manufacturing over the next one to two years.

The new facility is expected to have a saleable output of 0.6 million square metres and 1.1 million square metres in 2016 and 2017, respectively. The Group has budgeted approximately £3 million and £5 million to be spent during 2015 and 2016, respectively, to add the new concrete roof tile manufacturing line.

The Group holds the freehold title over most of the real estate and clay pits that it uses. The Group holds lease and hereditary building rights for the remainder of its properties. In addition to production-related properties, the Group owns several properties used for administrative, technical and sales purposes, including its premises in Ibstock, United Kingdom, where the headquarters of the Group is located and the premises in Reading, Pennsylvania, where its subsidiary Glen-Gery is headquartered. However, a number of the Group's non-production-related facilities are leased.

Clay pits, from which the Group sources raw materials, are generally owned by the Group or otherwise leased or accessible to the Group on the basis of contractual arrangements. As at 31 December 2014, the Group had property, plant and equipment with a book value of £204.9 million, of which £60.8 million is the book value of the Group's clay mineral reserves. See Part 9: "*Operating and Financial Review—Factors Affecting Results of Operations—Impact of the Bain Acquisition and Fair Value Exercise*"

Raw Materials and Inputs

The raw materials required to produce the Group's clay and concrete products are specific to each product and segment. The primary material used by the Group in the production of its products is clay. This clay and shale is sourced from clay pits that the Group operates on land that it owns or leases under long-term agreements in the vicinity of it brick manufacturing plants in the United Kingdom and United States. The Group purchases the remaining portion of its clay and shale (primarily specialty clays that it uses in limited quantities) from various suppliers. Clay extraction is subcontracted to minimise fixed costs. The clay brick manufacturing plants in the United Kingdom are located near to or within the Group's 23 active quarry sites as it is not cost effective to source raw materials far from production sites. In the United States, the Group's clay brick manufacturing plants are located near or within the Group's 20 active quarry sites there.[18] The Group's specialist geologist and three-member property team manage the Group's property portfolio in the United Kingdom undertaking land and mineral assessment and evaluation, acquiring land, planning approval, and management of the sites, as well as managing site restoration and determining the long term alternative use and/or disposal of sites as applicable.

For the Group's concrete products, the main raw materials consist of cement, sand and aggregates. Due to the bulky nature of these materials and the corresponding high transportation costs involved, the Group tends to source materials from suppliers local to each manufacturing facility but cement is interchangeable between suppliers if necessary in most circumstances.

Most of these raw materials (as well as water, which is another key input for the manufacturing of both clay and concrete products) are widely available commodities. The Group has not experienced any significant shortages of raw materials.

Natural gas and electricity account for the Group's greatest input costs apart from labour. The natural gas and electricity used in the Group's brick manufacturing plants, primarily to power the kilns, is provided by one key supplier in the United Kingdom and multiple suppliers in the United States. The Group regularly reviews its energy costs. The Group generally purchases natural gas and electricity at spot prices in the open market. However, the Group has also purchased energy in forward contracts in the United Kingdom, particularly for the winter production period, in order to increase certainty with respect to its pricing. For natural gas usage in the United States, the Group entered into hedging arrangements but these arrangements are due to expire at the end of 2015 and the Group does not currently intend to hedge future gas purchases in either the United Kingdom or the United States. The Group intends to continue to monitor energy price indicators and may enter into additional forward contracts if it believes these will be favourable in comparison to its expectations of future prices in the open market or to provide the Group with more certainty with respect to energy prices over a particular period.

Clay Reserves and Resources

The operation of quarries requires planning permission from government authorities. Permission is granted in respect of a specific quarry design, providing a specific volume of material which may be extracted over a specific period of time. Therefore, once the authorised amount of material has been extracted or the period of the

[18] 29 active quarries covered by 20 active quarry permits.

permission has expired, it is necessary to apply for a renewal or extension of the planning permission. The Group holds planning permission over portions of its clay deposits and categorises its clay deposits substantially on the basis of whether or not it holds planning permission on the clay.

The Group categorises its controlled clay deposits as either reserves or resources. The Group's clay deposits in respect of which the Group has obtained planning permission are clay reserves, whereas the Group's clay deposits without such planning permission to extract are classified as clay resources. Within the United Kingdom, the Group typically seeks planning permission to extract clay at a particular site for a minimum of 25 years at current production capacity, in line with planning guidance in the United Kingdom for brick clay. The Group will typically re-apply for planning permission to extract clay at a particular site for a further 25 years when approximately 10 years remains of the existing planning permission. Resources are converted into reserves (through obtaining new planning permission), as appropriate.

Within the United States, all quarry locations that Glen-Gery leases or owns are zoned for mineral extraction/mining. As such, Glen-Gery has the legal right to extract clay and shale with no time limit for property it owns and for the length of the lease for leased property. Within the United States, permits and mining plans are required to be approved by the applicable department for environmental protection in each state and reclamation bonds must be posted. The acreage of land permitted to be quarried is defined and restricted in each permit. Dependant on the depth of the raw material the permitted acreage could supply a plant with many years of raw materials (there is no time limit on these permits). Through the life of the quarry, worked out areas are reclaimed and permit modifications are applied for to extend the area that may be quarried.

The Directors believe that the Group has over 150 million tonnes of clay reserves in total, with the Group's clay reserves in the United Kingdom comprising approximately 80 million tonnes of those reserves.

The Group monitors the cost of purchasing its clays and sells some of its clay resources when it believes it is commercially appropriate. Non-brickmaking clays arising from the extraction process can sometimes be sold for other purposes. For historical reasons certain quarries are a greater distance from the Group's factories and have increased transportation costs associated with delivering them to the manufacturing plants. These costs are considered along with the market price of the particular clay when determining whether to sell any of the Group's clay reserves on the open market, along with the competitive implications of such sales.

Distribution and Logistics

The Group's products are manufactured and distributed through a network of 43 main manufacturing locations in the United Kingdom and the United States. Due to the strategic locations of the Group's manufacturing plants, the Group's brick products in the United Kingdom travel an average of approximately 65 miles from the manufacturing plant to the customer.

In addition, in the United States, the Group operates a network of ten resale centres across its primary markets. These resale centres enhance access to customers in markets with poor distributor coverage and significantly increases the distribution capabilities of the Group's operations in the United States through these inclusive one stop shop solutions for masonry products. During 2014, approximately 72% of Glen-Gery's total revenue (brick, stone and other masonry products) were sold through independent distributors. In certain markets where there is not a suitable independent distributor available to Glen-Gery, it operates its own yard and sells directly to contractors, developers and home builders. These sales include bricks, stone substitutes and other masonry accessories.

In the United Kingdom, the Group outsources substantially all of its haulage to two contractors. In the UK, the Group offers a next business day sample delivery service utilising one of the national carrier service providers. In the United States, most of the sales deliveries are arranged by the Group's customers.

Intellectual Property

As at 30 June 2015, the Group owned 109 trademarks worldwide. These trademarks primarily relate to the Group's approximately six main brand names and logos as well as certain others trademarks. The Group's most important trademarks are Ibstock Building Products, Ibstock, Glen-Gery, Supreme, Forticrete, Kevington and Anderton. In the United Kingdom, the Group's concrete products are sold under trade names other than Ibstock, such as Supreme and Anderton for the Group's concrete fencing, building and structural elements and rail products and Forticrete for the Group's concrete roof tiles, architectural masonry products and walling and cast stone. In the United States, the Group's brick products are sold under the trade name Glen-Gery.

As of 30 June 2015, the Group owned 9 granted patents (with a further 16 pending) and 94 registered designs. The Group also relies upon unpatented proprietary expertise, continuing technological process innovations and other trade secrets to develop and maintain its competitive position. The Group also owns a number of domain names for itself and its subsidiaries.

The Group is not aware of any material legal proceedings that have been brought against it for infringement of a trademark or patent or of any challenges against any of its patents that could have a material adverse effect on the Group's business.

Information Technology

Within the United Kingdom, the Group uses a suite of applications to manage reporting requirements, client relationships and sales analytics and reporting. In the United States, Glen-Gery uses a legacy system, which is being transitioned to a Group platform, expected to be completed by the end of 2015.

The Group also utilises information technology systems in its manufacturing plants. While the technology used by the Group varies at different plants depending on their age or time when last refurbished, the Group believes that an appropriate information technology infrastructure within its manufacturing plants is important to support its growth. In its more modern plants, such as its newest manufacturing plant, Ibstock Chesterton, the Group uses robots to manufacture its wire cut bricks and has data collection processes and software to allow it to efficiently and accurately monitor the quality of the products manufactured at its facilities. These processes monitor for consistency in the product and can enable rapid adjustments of certain processes when necessary. For example, the system monitors the temperature of the kilns (which will vary over the time that bricks are in the kilns) and can adapt the temperature based on the product type and weight as needed.

Employees

As at 30 June 2015, the Group had 2,660 full time equivalent employees; 821 of these employees were salaried and 1,839 were hourly paid. Of the total number of employees, 2,026 were located in the United Kingdom and 634 were located in the United States. Of the employees in the United Kingdom 1,446 were employed by Ibstock Brick; 287 were employed by Supreme or Anderton; and 293 were employed by Forticrete. All of the Group's employees in the United States were employed by Glen-Gery. Particularly among the Glen-Gery and Supreme businesses, the number of hourly paid workers the Group employs varies to match its labour needs during periods of fluctuating demand. From time to time, the Group employs temporary workers in its businesses to meet increased demand. As at 30 June 2015, annualised employee turnover for Ibstock Brick was 5.7%, calculated by dividing full-time and part-time terminations by the active employee count at the beginning of the year.

In the United Kingdom, although the Group has no formal collective bargaining agreements with any union, there are legacy voluntary procedural agreements in place with trade unions at most of the Group's manufacturing sites and approximately 50% of the workforce in the United Kingdom is covered by these agreements. Most employees covered by these agreements are hourly paid employees whose hours of work vary depending on demand. However, there is a guarantee of employment of 39 hours per week which means that, notwithstanding work demand levels, the Group must provide minimum remuneration equivalent to a 39 hour working week, or the guaranteed working week (the "**GWW**"). This means that there is a minimum cost in relation to hourly paid employees, and the Group has limited flexibility in the short term to offer less work to hourly employees during periods when there is less work. The legacy voluntary procedural agreements allow the Group to serve notice to the unions withdrawing from the GWW (although this may have a negative impact on industrial relations). The Group has not had any union-organised work stoppages in the United Kingdom over the past ten years.

In the United States, approximately 61% of Group's workforce is covered by collective bargaining agreements. The Group has not had any union-organized work stoppages in the United States over the past ten years.

The Group believes that it has good relationships with its employees and with the unions representing its employees. It does not anticipate any material adverse consequences resulting from negotiations to renew any collective bargaining agreements.

Pension Obligations and Retirement Plans

The Group offers various post-employment schemes, including both defined benefit and defined contribution pension plans, to its employees based upon their country of employment.

United Kingdom

In the United Kingdom, Ibstock Brick and Forticrete offer a defined contribution scheme to employees. Scheme members choose their contribution percentage. The contribution percentage is matched by the Group up to a maximum of 5% for the first five years of service and the Group's matched contribution then increases by 1% per year to reward long service up to a maximum of 10%. A similar defined contribution scheme is operated by Supreme.

In the United Kingdom, the Group participates in the Ibstock Pension Scheme, a defined benefit pension scheme. The Ibstock Pension Scheme has been closed to new entrants since 6 April 2011. As at 30 June 2015, the Ibstock Pension Scheme had 943 active members, 1,220 deferred members and 1,891 retirees.

As at 31 December 2014, a deficit of £68.9 million was reported for the Ibstock Pension Scheme under IAS19. As part of the Bain Acquisition, a special deficit contribution of £60.0 million was made by the Group in February 2015 using funds provided by Bain Capital. The Group also previously paid a special deficit contribution of £2.8 million in January 2015. As at 30 June 2015, the Group recognised an IAS19 liability of £22.1 million for the Ibstock Pension Scheme in respect of the Ibstock Pension Scheme's total deficit.

Contributions to the Ibstock Pension Scheme are payable in accordance with the schedule of contributions and recovery plan. The Group is currently required to make annual cash payments of £7.0 million and contributions of 16% of pensionable salaries towards reducing the current deficit and the cost of future service accrual. It is not expected that these payments will need to change once the latest actuarial valuation results are agreed.

United States

In the United States, most of the Group's employees are eligible to participate in a tax-qualified section 401(k) savings plan, with an annual Group discretionary matching contribution rate between 0 to 4%.

At three of its plants in the United States, the Group also participates in two multi-employer defined benefit pension schemes, AB&GW and NIGPP. The Group is the largest of three employers who contribute to the AB&GW scheme, with its contributions being 86% of the total contributions to the plan. With respect to the other NIGPP scheme, the Group's proportion share of unfunded liabilities is less than 1%. Both the AB&GW and NIGPP schemes are underfunded, with the withdrawal liability for each scheme estimated at $16.8 million and $1.9 million, respectively. The Directors currently do not have any plans on withdrawing from either scheme. As of 30 June 2015, the Group has agreed to make additional future rehabilitation funding contributions to the AB&GW scheme resulting in a present liability under IAS19 of £7.3 million.

UK Pension Regulatory Framework

Any person who is an employer in relation to a UK pension scheme which is in deficit, or who is associated or connected with an employer participating in such a scheme, may be subject to a contribution notice or financial support direction imposed by the Pensions Regulator. The Pensions Regulator has powers to issue a contribution notice to any employer in a UK defined benefit pension scheme or any person who is connected with or is an associate of any employer (such as, in the case of Ibstock Pension Scheme, a Group company) where the Pensions Regulator is of the opinion that the relevant person has been a party to an act, or a deliberate failure to act, which had as its main purpose (or one of its main purposes) the avoidance of pension liabilities or which has a materially detrimental effect on a pension plan without sufficient mitigation having been provided. The Pensions Regulator can only issue a contribution notice where it believes it is reasonable to do so and can generally only do so in respect of any act or failure to act which has taken place in the previous six years. The terms "associate" and "connected person", which are taken from the Insolvency Act 1986, are widely defined and could cover the Group's significant shareholders and others deemed to be shadow directors.

If the Pensions Regulator considers that any of the employers participating in the Ibstock Pension Scheme are "insufficiently resourced" or a "service company", it may impose a financial support direction requiring another employer participating in the scheme or any other person associated or connected with the under-resourced or service company employer (e.g. another member of the Group) to put in place financial support in relation to the scheme. The Pensions Regulator can only issue a financial support direction where it believes it is reasonable to do so. Liabilities imposed under a contribution notice or financial support direction may be up to the amount of the buy-out deficit in the scheme at the relevant time.

Environmental, Health and Safety Matters

The Group's operations and properties are subject to environmental and occupational health and safety laws and regulations in each of the jurisdictions in which it operates, being the United Kingdom and the United States, including those pertaining to air emissions, water discharge, the use, storage, discharge, handling, disposal, transport and clean-up of solid and hazardous materials and wastes, the storage and disposal of hazardous substances and waste, contaminated land, the health and safety of employees and the protection of the environment and natural resources. As the Group's operations involve, and have involved, the handling, transportation and distribution of materials that are, or could be classified as, toxic or hazardous, or otherwise as pollutants, there is some risk of contamination and environmental damage inherent in its operations and the products it handles, transports and distributes. Violations of environmental laws, applicable authorizations or permits can result in significant fines or civil or criminal sanctions. In addition, the discovery of contamination at the Group's facilities could require it to incur substantial clean-up costs.

As a manufacturer of clay bricks and concrete products in the European Union, the Group is subject to significant legislation relating to industrial operators and their industrial and transport emissions including the Industrial Emissions Directive 2010/75/EU ("**IED**"). The IED is a recast of seven existing pieces of EU legislation relating to industrial emissions (including, in particular, the Integrated Pollution Prevention and Control Directive (2008/1/EC)). It lays down rules on integrated prevention and control of pollution arising from industrial activities. It also provides rules designed to prevent or, where that is not practicable, to reduce emissions into air, water and land and to prevent the generation of waste. It came into force on 6 January 2011, with new installations required to comply from 7 January 2013 and most existing installations required to comply from 7 January 2014. The introduction of IED made little change to existing operational permits, although introduced a number of changes including a new condition for periodic emissions monitoring and a requirement for a detailed baseline report to be prepared in respect of sites that use, produce or release relevant hazardous substances. The IED requires, among other things, installations within its scope to operate under a permit. Member State regulators must set permit conditions for an operator so as to achieve a high level of protection for the environment, based on the use of the Best-Available Techniques ("**BAT"**). The IED defines BAT as "the most effective and advanced stage in the development of activities and their methods of operation which indicates the practical suitability of particular techniques for providing the basis for emission limit values and other permit conditions designed to prevent and, where that is not practicable, to reduce emissions and the impact on the environment as a whole". BAT is determined for each activity and operation that has an impact on the environment. The determination of BAT relies on sector specific BAT Reference documents ("**BREF**"). The ceramics BREF was first published in 2007 and is due for review in 2017 with the process likely to last for approximately two years. If any changes are required, operators will also likely have a further period of time to make any necessary adjustments. When an installation is closed, the IED also requires the operator to return the site to the condition described in the baseline report.

In the United Kingdom the Group has adopted the Environmental Management Standard ISO14001 and was the first UK brick manufacturer to receive ISO14001 accreditation for all its factories. Nearly all of the Group's UK factories comply with BS EN 14001 standards for environmental management. Ibstock Brick was also the first in the industry to achieve ISO50001, the energy management systems certification. The Group's UK operations have also adopted the Responsible Sourcing standard BES6001, with the exception of Supreme and Anderton which are working towards achieving this standard. In the United States, the Group received awards in both environmental assessment conducted by the Brick Institute of America. A Sustainability Working Group meets on a regular basis to review the performance in environmental sustainability and energy and to agree on policy or procedural changes as necessary. Training of personnel is carried out by a combination of external and internal provision.

Air Quality, Carbon Dioxide Reduction and Emissions

In the United Kingdom, Part 4 of the Environment Act 1995 requires local authorities to review the quality of air within their area. The reviews have to consider the air quality for the time being and the likely future air quality during the "relevant period" (a period to be prescribed by regulations). Such reviews have to be accompanied by an assessment of whether any prescribed air quality standards or objectives are being achieved or are likely to be achieved within any prescribed relevant period. The Group's installations that fall within scope are subject to the IED (as discussed above), which covers emissions to air, water and land.

The Group actively monitors its emissions, and has done so for well over a decade. Where necessary, its manufacturing facilities include scrubbers designed to reduce pollutant levels. Also see "—*Energy Efficiency*" below.

In the United States, the Group is subject to the provisions of the Clean Air Act ("**CAA**"), which sets standards for sulphur dioxide, nitrogen oxides and particular matter emissions among others. The CAA mandates that state governments establish industrial emission permit programmes. Operating permits include information on which pollutants are being released, how much may be released, and the steps the source's owner or operator is required to take to reduce the pollution. Permits must include plans to measure and report the air pollution emitted. Failure to comply may result in monitoring directly from the U.S. Environmental Protection Agency ("**EPA**") and civil as well as criminal penalties.

Water Quality

The Water Framework Directive (Directive 2000/60/EC; "**WFD**") is the principal European legislation covering water quality. The WFD works toward water resource sustainability by mandating Member State monitoring of watercourses. In the United Kingdom, the Water Environment (Water Framework Directive) (England and Wales) Regulations 2003 (SI 2003/3242) and similar legislation with respect to Scotland and Northern Ireland implement the WFD. The Water Act 2003 addresses use and management of ground and surface water by, *inter alia*, reinforcing pre-existing restrictions imposed by water use licensing against any contamination, such as through the disposal of sewage or wastewater and the handling of potentially dangerous materials. Stricter licencing and exemption discharge thresholds were implemented, remediation provisions established and the UK Environment Agency ("**EA**") or the Secretary of State was empowered to time-limit, alter or revoke permits and administer fines or establish civil or criminal liability for non-compliance.

In the United States, water pollution is regulated by the EPA via the Clean Water Act ("**CWA**"). The CWA employs a variety of regulatory and non-regulatory tools to reduce direct pollutant discharges into waterways, finance municipal wastewater treatment facilities, and manage polluted runoff. In particular the CWA authorised the National Pollutant Discharge Elimination System ("**NPDES**"). The NPDES permit programme controls water pollution by regulating point sources that discharge pollutants into waters of the United States. A key feature of the NPDES permit programme is that all data on specific facility performance, inspections, violations and effluents, among others is publicly searchable. The EPA's Office of Wastewater Management is specifically focused on regulatory and voluntary initiatives to improve wastewater supervision, including incentivising green infrastructure, providing technical assistance and developing industry-specific best practices.

The Group regularly tests water discharges at its sites and is materially compliant with the water quality rules and regulations applicable to it. Sites have been mapped for underground drains and discharge points are known and are monitored, with violations self-reported to relevant regulators. Water is recycled and reused on site wherever possible.

Waste Management

The Group's operations produce some solid waste from its operations including ceramic fibre used as insulation as part of the Group's energy reduction programme. The Group also disposes of small amounts of contaminated oil.

As with water management, waste management in the European Union is addressed by a framework directive (Directive 2008/98/EC, "**Waste Directive**") which sets industrial recycling targets as part of an explicit "waste hierarchy," which emphasises prevention, re-use and recycling over disposal. The Waste Directive incorporates the "polluter pays" principal and extended producer responsibility. It also incorporates provisions on hazardous waste and waste oils from previous directives. The Waste Directive requires that Member States adopt waste management plans and waste prevention programmes. In the United Kingdom, the Waste Directive was implemented by the Waste (England and Wales) Regulations 2011 (as amended) and similar legislation with respect to Scotland and Northern Ireland. These regulations make amendments to hazardous waste controls and definitions and require businesses to take all such measures as are reasonable in the circumstances to apply the waste hierarchy to prevent waste. A condition in new or revised permits places a duty on the permit holder to apply the hierarchy. Businesses must also apply the waste management hierarchy when transferring waste and include a declaration on their waste transfer note or consignment note confirming they have complied with that duty. A permit condition will also be required for the mixing of hazardous wastes. The Environmental Protection Act 1990 also imposes a general duty of care on all parties (from producers through to those conducting final disposal or treatment) to take reasonable precautions to ensure proper transfer and disposal/treatment of waste.

In the United States, the EPA regulates wastes including used petroleum, mixed and solid hazardous wastes and underground storage tanks under the authority of the Resource Conservation and Recovery Act ("**RCRA**") and

the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**"). RCRA requires permits for waste generators and transportation, storage and disposal facilities and sets storage, marking and processing standards. CERCLA addresses the environmental investigation, remediation and restoration of contaminated sites.

Over the past decade, the Group has significantly reduced its waste disposals by actively recycling much of its solid wastes, including inert fired brick hardcore and limestone materials from flue gas scrubbers back into own-use items and certain products. The Group continues to work with waste contractors who will recover materials and put these back into beneficial use at waste transfer stations, with the ultimate long-term goal of 100% recovery of non-hazardous materials taken off site.

Land Management and Use

The United Kingdom has a number of laws which create liabilities in connection with contaminated land. Most notably, Part 2A of the Environmental Protection Act 1990 (the contaminated land regime) imposes liability for the clean-up of contamination on those persons who have caused or knowingly permitted the substances giving rise to the contamination. If such persons cannot be found, liability may fall on the current owners or occupiers of the land in question. A number of other laws, including common law, may also impose liability in respect of contaminated land.

The Group is potentially exposed to such liabilities in a number of ways. In particular, the Group owns, and has owned, various sites within the UK that are, or have been, used as landfills. A number of those landfills are still operational and these are managed by third party contractors. Such third parties would typically be the operator of the landfill and hold an environmental permit in respect of the same. The Group seeks to manage its liability risks in relation to these sites primarily through a combination of on-going monitoring and management, contractual protections (for certain sites only) and by seeking to ensure that it is not the owner but rather the landfill operator and licence holder who is responsible (such third party operators would typically be required, under the operating permit, to have adequate financial provision in place to address any material environmental, closure and post-closure costs). These steps may not fully mitigate the Group's risks in respect of the landfills. There are some closed landfill sites for which no financial provisioning is currently in place. Although the Group has assessed these issues in relation to the closed and operational sites and concluded that such risks are generally low, such sites may create long-term and significant liabilities for the Group. In particular, the Group has identified one historically landfilled site (Roughdales) in relation to which contractual protections are limited, and has estimated that the overall exposure relating to this site is £1.5 million. Other than routine budgeted expenditure, the Group presently has made no contingencies to cover these risks in relation to the closed and/or operational sites.

In the United States, the federal EPA or state-level environmental protection agencies conduct and supervise investigation and cleanup actions at sites where oil or hazardous chemicals have been or may be released into the environment. At the federal level, cleanup activities fall under several distinct EPA programmes, distinguished by location, contaminant, or the regulatory status of the responsible party. The principal federal statutes governing the investigation and cleanup of contaminated land are the Resource Conservation and Recovery Act (RCRA), which governs clean up responsibilities at facilities licensed to store, treat or dispose of hazardous waste; and the Comprehensive Environmental Response Cleanup and Liability Act (CERCLA), which governs clean up responsibilities at abandoned or former industrial facilities where significant releases of hazardous substances occurred historically. EPA has numerous options for enforcing cleanup obligations at RCRA or CERCLA sites, including the issuance of unilateral orders, or the taking of administrative or judicial action.

Liability under CERCLA is imposed jointly and severally on any party who now or formerly owned or operated the contaminated land, and without regards to fault or negligence. Frequently, responsible parties enter into voluntary cleanup agreements in order to avoid the cost of litigating culpability issues with EPA. Joint and several liability can be avoided in some cases, where a party is able to show that its contribution to contaminant conditions at the site are divisible and separate from the contributions of others, and that there is a reasonable basis for apportioning liability between the responsible parties rather than holding each of them jointly responsible for the entire liability. Frequently, if there are several solvent responsible parties performing under a voluntary agreement at a site, they will enter into separate, private agreements establishing an allocation formula between them, or may initiate litigation seeking a court to determine an appropriate allocation formula.

Most state governments oversee similar programmes for the identification and remediation of contaminated land pursuant to state laws that are closely analogous to CERCLA. As a general rule, EPA asserts control over the

largest and most significantly contaminated sites under CERCLA, and defers to state environmental protection agencies to oversee the remediation of smaller sites.

On 4 August 2015, Glen-Gery along with several other parties received a letter from the New Jersey Department of Environmental Protection ("**NJDEP**") declaring a need to investigate and potentially remediate a parcel of land in Winslow Township, New Jersey that Glen-Gery acquired in 1970, operated for brick manufacturing purposes until approximately 1973, and then sold in 1977. The NJDEP letter refers to the site as the "Former Alliance Clay Products Company Site". Prior to 1970, the property was owned and operated by the Alliance Clay Products Company ("**Alliance**"). Glen-Gery acquired the property from Alliance through an asset-sale transaction. Under the State of New Jersey's Spill Act and its implementing regulations, current or former owners or operators of legacy industrial properties that are known or suspected to be contaminated have a duty to investigate and potentially remediate those sites, and may be held jointly and severally liable for all costs of the investigation and remediation. Although there are some differences in the liability regimes, a party may be able to avoid joint and several liability under the Spill Act, as under CERCLA, if it can prove that the liability can be accurately apportioned between different responsible parties. In its letter, NJDEP indicated that the most significant issue of concern at the property relates to some wastewater lagoons that historically were observed to contain oil. NJDEP observes in the letter that these lagoons appear to have been established and used after Glen-Gery sold the property, and that for this reason the agency does not consider Glen-Gery to be a potentially responsible party ("**PRP**") with respect to the lagoons. The NJDEP letter further states, however, that the NJDEP is considering Glen-Gery as a PRP for contamination at other areas of the site. In its letter, NJDEP provides no detail about the nature and extent of contamination at other areas of the site. Historic studies on file at NJDEP and summarising preliminary investigations that EPA and NJDEP conducted at the property in the early 1990s revealed modestly elevated levels of certain contaminants, especially polycyclic aromatic hydrocarbons, in soil, sediment and surface water on the property. The historic studies do not indicate whether these conditions were related to the lagoons. Glen-Gery is in the process of evaluating this claim and fully intends to cooperate with the NJDEP in resolving the issue.

In both the United Kingdom and the United States, the excavation of raw materials is subject to special operating permits and occasionally to mining rights. Such permits may be subject to stringent requirements to ensure an environmentally sound excavation process in compliance with environmental laws. In the UK, the environmental impact of mining activities are principally governed by Planning law, the Quarries Regulations 1999 and in part by other environmental legislation, such as the Environmental Permitting Regulations 2010 (as amended). In the United States, mining wastes and, temporarily, cement kiln dust are exempted from RCRA as "special wastes" and subject to separate regulatory oversight. Permits typically require remediation, recultivation and renaturation of the mining areas after the excavation of raw materials, and operators are obligated to bear any cost in connection with such reclamation obligations. Noncompliance with the applicable laws, regulations or other provisions may result in administrative fines or criminal liability.

The Group commissions regular environmental assessments of its brickworks, quarries and landfill sites from third parties. It also conducts biodiversity studies on its sites to investigate and relocate protected wildlife. Their operations are controlled and legislated by various regulatory bodies such as the Environment Agency and the Planning Authorities, who in turn carry out regular checks to ensure appropriate compliance with relevant enabling permissions, consents and conditions.

Energy Efficiency

The European Union's Energy Efficiency Directive (Directive 2012/27/EU; "**EED**") establishes a set of binding measures to help the EU reach its 20% energy efficiency target by 2020. Under the EED, all EU countries are required to use energy more efficiently at all stages of the energy chain from its production to its final consumption. The EED was implemented in England and Wales via a series of legislative measures in 2014. As part of the initiative, the EED mandates energy audits by large companies and the active use of insulation and other heating system improvements, and requires proportionate penalties to be imposed for non-compliance.

The United States, as a non-signatory to the Kyoto Protocol on Climate Change has a fragmented approach to energy efficiency, with individual states establishing varying policies. However, on 3 August 2015 President Obama announced a new Clean Power Plan initiative aiming to cut carbon emissions specifically generated by the power sector. The Plan would be administered by the EPA under the CAA. In addition to these limited federal powers the EPA regularly partners with the private sector to reduce energy consumption and carbon usage through voluntary measures.

The Group places great importance on energy efficiency and nearly all the UK operations have obtained ISO 14001 environmental management certification. Ibstock Brick has also achieved ISO 50001 energy management systems certification—the first enterprise in the industry to achieve this. ISO 50001 is specifically cited in Commission guidance on EED implementation. The other UK operations will come under the UK Energy Savings Opportunity Scheme (ESOS) and are on track to be in compliance by the 5th December 2015 deadline. Over the past five years the Group has also made significant capital investments in kiln technologies to reduce energy use and the vast majority of the Group's carbon dioxide emissions are covered by the European Union Emissions Trading Scheme or the UK's equivalent opt out scheme. The Group regularly monitors its energy consumption and the related emissions by fuel type and operates under ISO 50001. The energy management system is regularly third party audited to ensure compliance.

Employee Health and Safety

As an employer in the EU, the Group must comply with the European Framework Directive on Safety and Health at Work (Directive 89/391/EEC) which guarantees minimum safety and health requirements throughout Europe as well as associated directives on specific topics, for example, Directive 89/656/EEC (personal protective equipment), Directive 99/92/EC (risks from explosive atmospheres) and Directive 92/104/EEC (workers in mineral-extracting industries), among others. The relevant directives have been incorporated into English law; relevant legislation includes, but is not limited to: the Health and Safety at Work etc Act 1974, the Management of Health and Safety at Work Regulations 1999, the Provision and Use of Work Equipment Regulations 1998, Construction (Design and Management) Regulations 2015 and Quarries Regulations 1999. Under such laws and regulations, employers typically must establish the conditions and the management of work in a manner that effectively prevents dangers to employees. In particular, employers must observe certain medical and hygienic standards and comply with certain occupational health and safety requirements, such as permissible maximum levels of noise in the workplace, the use of protective clothing and requirements relating to maximum temperatures and air ventilation.

Interpretation of the legislative requirements is further supported in the United Kingdom by Approved Codes of Practice. These documents are used to help define company policies and procedures for all employees. The Group has training programmes in place to ensure all employees are competent to carry out their duties and an auditing protocol is in place to ensure policies and procedures in place are effective and that they are adhered to. A dedicated team of nine health and safety professionals support the operational employees in all aspects of health and safety management and leadership.

It is anticipated that new UK sentencing guidelines for health and safety offences will be published in late 2015, which will subsequently come into effect in early 2016. It is expected that these will establish a tougher sentencing environment for large companies that commit serious breaches of health and safety laws (including the Health and Safety at Work etc Act 1974 and the various health and safety regulations which sit under it, such as the Provision and Use of Work Equipment Regulations 1998 and the Construction (Design and Management) Regulations 2015). Although it is believed that less serious offences and offences involving individuals and smaller organisations will be sentenced in broadly the same manner as at present, offences committed by large companies, such as the Group, involving a high degree of harm and culpability are expected to be sentenced more stringently than at present with higher fines or penalties.

In the United States, similar requirements are covered by the Occupational Safety and Health Act of 1970 ("**OSHA**") as administered by the U.S. Occupational Safety & Health Administration, as well as the U.S. Mine Safety and Health Administration ("**MSHA**") under the U.S. Federal Mine Safety and Health Act of 1977 (the "**Mine Act**") which oversee worker safety in the quarry locations in the United States. The MSHA inspects facilities on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Whenever the MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders can be contested and appealed, and as part of that process, they may be reduced in severity and amount, and are sometimes dismissed.

Between 2011 and 2014 the US sites have had 33 un-scheduled MSHA quarry site inspections. Of those 33 inspections 19 site-specific citations have been issued. The average penalty for those citations has been approximately $100.

Environmental authorisations or permits required for some of the Group's operations may be reviewed, modified or revoked by the issuing authorities. The Directors believe that the Group is in material compliance with the environmental and health and safety laws applicable to the Group's business. As at 30 June 2015, the Group's

environmental and health and safety costs have not significantly affected its business, results of operations or financial position.

Insurance

The Group has obtained liability, product liability, property, directors' and officers', professional liability, and other insurance coverage to the extent it believes it is commercially prudent in order to operate its business, including, where required, stand-alone local policies covering US workers compensation, general liability and employee benefits liability and US automotive liability for its US subsidiary Glen-Gery. The Directors believe its liability insurance is sufficient to meet the Group's needs in light of potential future litigation and claims asserted against the Group. For certain risks the Directors have determined that the purchase of an insurance policy is not commercially acceptable. The Group regularly reviews its insurance programme together with its insurance broker. The Group cannot guarantee, however, that it will not incur losses beyond the limits or outside the coverage of its insurance policies. In addition, longer interruptions of business in one or more of its plants can, even if insured, result in loss of sales, profits, customers and market share.

PART 7
DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

Directors

The following table lists the names, positions and ages of the Directors:

Name	Age	Position
Jamie Pike	60	Independent Non-Executive Chairman
Wayne Sheppard	55	Chief Executive Officer
Kevin Sims	54	Chief Financial Officer
Jonathan Nicholls	57	Senior Independent Non-Executive Director
Michel Plantevin	58	Non-Executive Director
Matthias Boyer Chammard	35	Non-Executive Director

Jamie Pike (Independent Non-Executive Chairman)

Mr Pike joined the Group in September 2015 as a non-executive director, and will, upon Admission, be Independent Non-Executive Chairman. He has over 24 years of experience at the senior management or director level of businesses, including in cement manufacturing, construction, mining and building materials industries. He currently serves as Non-Executive Chairman at Tyman plc and RPC Group plc. He also serves as a Senior Independent Director at Spirax Saro Engineering plc. He previously served as Non-Executive Chairman to Lafarge Tarmac Limited, MBA Polymers Inc, and the Defence Support Group and as a Non-Executive Director of two FTSE 250 companies, RMC Group plc and Kelda Group plc. Mr Pike served as the Chief Executive Officer of Foseco plc from 2001 until its acquisition by Cookson Group plc in April 2008. Prior to that, he held various roles at Burmah Castrol from 1991 where he rose to Chief Executive Officer of the Chemicals division before leading the Foseco buy-out from Burmah Castrol in 2001, which culminated in flotation on the main market in 2005. His early career was as a consultant with Bain and Co and A T Kearney. Mr Pike is a Member of the Institute of Mechanical Engineers.

Wayne Sheppard (Chief Executive Officer)

Mr Sheppard has been with the Group for 20 years and has over 20 years of experience at the managing director level across a broad range of businesses and business groups within the building and construction products sector across Europe and latterly the United States. He is a chartered engineer, Principal of the Construction Products Association, Director and former President of the British Ceramic Confederation, and Director of the Brick Development Association. He is also a member of The Institution of Mechanical Engineers and The Institution of Engineering and Technology.

Kevin Sims (Chief Financial Officer)

Mr Sims has been with the Group for 29 years and has 30 years of experience within manufacturing businesses. Mr Sims was appointed Chief Financial Officer of Ibstock Building Products in October 2014, having held various finance-related managerial roles within the Group, including Financial Director of Ibstock Brick and CRH Product Group Financial Director—Clay Europe. He is a professionally qualified ACMA chartered management accountant and Chairman of Ibstock Pension Scheme trustees.

Jonathan Nicholls (Senior Independent Non-Executive Director)

Mr Nicholls joined the Group in September 2015 as a non-executive director, and will, upon Admission, be Senior Independent Non-Executive Director and Chair of the Audit Committee. He has over 17 years of experience at the senior management or director level of businesses, including those in brick manufacturing, roofing and construction, and property development. Previously, Mr Nicholls served as the Chief Financial Officer of Hanson plc from 1998 to 2006 and Chief Financial Officer of Old Mutual plc from 2006 to 2008. Since 2009, he has served as a non-executive director at Great Portland Estates plc and DS Smith plc, where for both companies he is the Senior Independent Director and Chair of the Audit Committee and has served since 2009 as a non-executive director of SIG plc where he is Chair of the Audit Committee. He is a chartered accountant and a member of the Institute of Chartered Accountants in England and Wales and a Fellowship member of the Association of Corporate Treasurers.

Michel Plantevin (Non-Executive Director)

Mr Plantevin joined the Group in February 2015 as Non-Executive Chairman, and will, upon Admission, be a Non-Executive Director of Ibstock. He currently serves as Managing Director of Bain Capital, a role he has held for over 12 years. Mr Plantevin has been involved in a wide variety of transactions in the industrial and energy sectors over that period. In his capacity as Managing Director at Bain Capital Europe LLC, Mr Plantevin serves as a Non-Executive Director for a number of companies including, FCI SA, IMCD N.V., Maison du Monde SAS and Trinseo S.A.. Prior to joining Bain Capital, he was a managing director at Goldman Sachs.

Matthias Boyer Chammard (Non-Executive Director)

Mr Boyer Chammard joined the Group in February 2015 as a Non-Executive Director of Ibstock. He currently serves as a Principal of Bain Capital Europe LLC, a role he has held for over four years. In his capacity as a Principal at Bain Capital Europe LLC, Mr Boyer Chammard also serves as a Non-Executive Director for Brakes Bros Ltd. Prior to joining Bain Capital, he worked at Boston Consulting Group and in the energy and the industrial goods practices.

Senior management team

The senior management team aid the Executive Directors in the management of the Company's business. The following table lists the members of the senior management team other than the Executive Directors:

Name	Age	Position
John Lambert	56	Director and General Manager, Forticrete
John Richards	59	Sales and Marketing, Ibstock Brick
Mark Houghton	54	Managing Director, Supreme
Mark Richmond	48	Development Director, Ibstock Building Products
Steve Matsick	65	President, Glen-Gery
Doug Rende	57	President (Designate), Glen-Gery

John Lambert (Director and General Manager, Forticrete)

Mr Lambert has been with Forticrete for nearly 19 years and has been in the building materials industry for 34 years. Prior to his appointment as General Manager of Forticrete's roofing arm in 1996, he spent five years at Ibstock Building Products as Area Sales Manager and eight years at Marshalls Clay Products as UK National Sales Manager. Since his appointment in 1996, Mr Lambert's portfolio has expanded to include being general manager of Forticrete's stone and masonry product areas. In 2012, Mr Lambert was elected to serve on the council of the Federation for British Precast.

John Richards (Sales and Marketing Director, Ibstock Brick)

Mr Richards was appointed as Sales and Marketing Director of Ibstock Brick in 1996 and Managing Director of Kevington in 2009. Prior to his appointment in 1996, Mr Richards spent nine years as Sales Director of Redland Bricks Limited. Mr Richards is a member of the Associate of the Institute of Personnel and Development and the Associate of the British Pharmaceutical Institute.

Mark Houghton (Managing Director, Supreme)

Mr Houghton has been with Supreme for 21 years and was appointed Managing Director in September 2015. Prior to this appointment, he was Administration and Distribution Director from October 2001 to March 2006, Financial Director from April 2006 to April 2011, and Commercial and Finance Director from April 2011 to August 2015. He was appointed to the board of Supreme in 2001 and he has also been a director of Anderton since 2007. Mr Houghton is also a fellow of the Chartered Institute of Management Accountants.

Mark Richmond (Development Director, Ibstock Building Products)

Mr Richmond has been with the Group for 17 years and was appointed Development Director in February 2015, having previously held various finance and corporate development roles in the Group. He has extensive experience in finance and corporate development roles in the construction and building product sectors. He is a chartered accountant, a member of The Institute of Chartered Accountants in England and Wales and an active participant in the Construction Products Association.

Steve Matsick (President, Glen-Gery)

Mr Matsick has been with Glen-Gery for 34 years. Since joining as Finance Manager in 1981, he held various roles within Glen-Gery prior to being appointed as President in 1996. Mr Matsick was previously Chairman of the Brick Industry Association in the United States and currently remains on its board. Mr Matsick qualified as CPA in 1974 and is a member of The American Institute of CPAs and The Pennsylvania Institute of CPAs. Steve Matsick is planning to retire in spring 2016. His successor joined Glen-Gery on 5 October 2015 to allow an ordered succession.

Doug Rende (President Designate, Glen-Gery)

Mr. Rende joined Glen-Gery effective 5 October 2015 as President Designate and will assume the role of President in 2016. Mr. Rende previously was President of Mitten Building Products, a division of Ply Gem Industries, Inc. and has extensive experience in business development and corporate marketing with Associated Materials Incorporated, Pergo LLC and Armstrong World Industries, Inc. Mr. Rende is a graduate of Mount St. Mary's University and the Aresty Executive Wharton Business School and has served on the board of directors for the National Association of Home Builders and Professional Remodelers Organization of Ohio among other industry associations.

Conflicts of interest

Michel Plantevin and Matthias Boyer Chammard hold positions at Bain Capital which is an indirect controller of the Institutional Selling Shareholder. Refer to paragraph 5.2 of Part 14: "*Additional Information*" for the interests of the Institutional Selling Shareholder following Admission.

Save as set out in the paragraph above, none of the Directors has any potential conflicts of interest between their duties to the Company and their private interests and/or their duties to third parties.

Relationship Agreement with Selling Shareholder

The Company entered into the Relationship Agreement with the Institutional Selling Shareholder on 22 October 2015. The Relationship Agreement has been entered into to ensure that the Company is capable at all times of carrying on its business independently of its controlling shareholder (as defined in the Listing Rules) and its associates. See *Part 14*: "*Additional Information—Material contracts—Relationship Agreement*" for a more detailed description of the Relationship Agreement.

Corporate Governance

UK Corporate Governance Code

The Board is committed to the highest standards of corporate governance. Except as described below, as of the date of this Prospectus and on and following Admission, the Board complies and will comply with the UK Corporate Governance Code (the "Governance Code") published in September 2014 by the Financial Reporting Council. As envisaged by the Governance Code, the Board has established an audit and risk committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

The Governance Code recommends that, in the case of a FTSE 350 company, at least half the board of directors of a UK-listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the Directors' judgement. On Admission, the Board will comprise six members, including the Independent Non-Executive Chairman, the Senior Independent Director, two Executive Directors and two Non-Executive Directors. Michel Plantevin and Matthias Boyer-Chammard, both Non-Executive Directors, are not considered to be independent for the purposes of the Governance Code as a result of being the Directors nominated to the Board by the Institutional Selling Shareholder in accordance with the terms of the Relationship Agreement. Accordingly, the Company does not expect to comply with the requirements of the Governance Code in respect of composition of the Board by the date of Admission. However the Company intends to appoint additional Non-Executive Directors within a reasonable period of time following Admission to comply with the requirements of the Corporate Governance Code. The Governance Code also recommends that: (i) the chairman of the board of directors should meet the independence criteria set out in the Governance Code on appointment; (ii) the Board appoint one of the independent non-executive directors to be the senior independent non-executive director. On Admission, the Chairman of the Company will be Jamie Pike and the Senior Independent Director will be Jonathan Nicholls. The Board considers that both Mr Pike and Mr Nicholls meet the independence criteria set out in the Governance Code.

Audit and risk committee

The audit and risk committee's role is to monitor the integrity of the financial statements and related announcements of the Group, review and, where appropriate, make recommendations to the Board on the adequacy and effectiveness of the Group's internal control and risk management systems, monitor the effectiveness and objectivity of the Company's internal audit function and the external auditor, and monitor the effectiveness of the Group's whistleblowing procedures. The audit and risk committee will meet at least four times a year and at such other times as requested by the chair of the committee, external auditor, the director of risk and internal audit or any member of the committee.

The audit and risk committee will be chaired by Jonathan Nicholls and its other member is Jamie Pike. The Governance Code recommends that, in the case of FTSE 350 companies, the audit and risk committee comprise at least three non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment and that one such member has recent and relevant financial experience. The Company does not expect to comply with the requirements of the Governance Code in this respect, at the time of Admission. However, the Company does expect to comply with the requirements of the Governance Code in this respect following appointment of additional Non-Executive Directors as noted above.

Nomination committee

The role of the nomination committee is to develop and maintain a formal, rigorous and transparent procedure for making recommendations on appointments and re-appointments to the Board. In addition, it is responsible for recommending appointments of members of senior management who report directly to the Chief Executive Officer, and reviewing the succession plans of executive directors, and non-executive directors. The committee will meet at least twice a year and at such other times as the chair of the committee or any member of the committee may request at the time of Admission.

The nomination committee will be chaired by Jamie Pike and its other members are Jonathan Nicholls and Michel Plantevin. The Governance Code recommends that a majority of the nomination committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirements of the Governance Code in this respect.

Remuneration committee

The role of the remuneration committee is to determine the strategy and policy in relation to terms and conditions of engagement (including remuneration) of the Chairman and the executive directors; and to determine the specific total remuneration of the Chairman and each of the executive directors (including payments and awards under annual bonus plans, share incentive schemes, pension schemes and any other compensation arrangements). The Committee will meet at least four times a year and at such other times as the chair of the committee or any member of the committee may request.

The remuneration committee will be chaired by Jamie Pike and its other members are Jonathan Nicholls and Wayne Sheppard. The Governance Code recommends that all members of the remuneration committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board does not expect to comply with the requirements of the Governance Code in this respect at the time of Admission. However the Company does expect to comply with the requirements of the Governance Code in this respect following appointment of additional Non-Executive Directors as noted above.

Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Ordinary Shares which is based on, and is at least as rigorous as, the model code as published in the Listing Rules. The code adopted will apply to the Directors and other persons discharging managerial responsibilities and relevant employees of the Group.

PART 8
SELECTED FINANCIAL INFORMATION

The selected financial information set out below has been extracted without material amendment from *Part 11: "Historical Financial Information"* of this document, where it is shown with important notes describing some of the line items.

COMBINED AND CONSOLIDATED INCOME STATEMENTS

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014 (*unaudited*)	2015
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Revenue	277,950	317,218	373,233	181,552	203,373
Cost of Sales before exceptional items	(209,932)	(234,768)	(255,333)	(128,216)	(127,254)
Gross profit before exceptional items	68,018	82,450	117,900	53,336	76,119
Exceptional cost of sales	—	—	—	—	(15,430)
Gross Profit	68,018	82,450	117,900	53,336	60,689
Distribution costs	(27,720)	(32,238)	(34,601)	(17,234)	(17,158)
Administrative expenses before exceptional items	(31,457)	(33,310)	(37,922)	(16,108)	(20,791)
Other administrative exceptional items	(4,740)	(4,349)	(5,355)	(2,274)	(11,843)
Net administrative expenses	(36,197)	(37,659)	(43,277)	(18,382)	(32,634)
Negative goodwill on acquisition	—	—	—	—	127,590
Profit/(loss) on disposal of property, plant and equipment	7,800	(58)	492	(6)	(83)
Other income	3,403	3,764	3,709	1,683	1,762
Other expenses	(885)	(799)	(1,051)	(431)	(435)
Operating profit	14,419	15,460	43,172	18,966	139,731
Finance costs	(4,821)	(3,526)	(4,364)	(1,706)	(53,747)
Finance income	3,889	2,421	1,948	10	166
Net finance cost	(932)	(1,105)	(2,416)	(1,696)	(53,581)
Profit before taxation	13,487	14,355	40,756	17,270	86,150
Taxation	(2,371)	(4,598)	(7,397)	(3,451)	5,264
Profit for the financial period	11,116	9,757	33,359	13,819	91,414

COMBINED AND CONSOLIDATED BALANCE SHEETS

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	(£'000)	(£'000)	(£'000)	(£'000)
Assets				
Non-current assets				
Goodwill	700	694	708	—
Other intangible assets	91	70	53	130,827
Property, plant and equipment	234,802	227,390	204,881	342,058
Deferred tax assets	917	—	—	—
Trade and other receivables	4,000	—	9,000	9,000
	240,510	228,154	214,642	481,885
Current assets				
Inventories	70,466	64,471	73,050	79,480
Trade and other receivables	214,971	263,781	53,234	71,853
Cash and cash equivalents	27,681	14,265	53,996	33,687
	313,118	342,517	180,280	185,020
Non-current assets held for sale	—	3,297	—	—
	313,118	345,814	180,280	185,020
Total assets	553,628	573,968	394,922	666,905
Current liabilities				
Trade and other payables	(74,858)	(87,715)	(83,374)	(71,990)
Derivative financial instrument	—	—	(481)	(325)
Borrowings	(985)	—	—	—
Current tax liabilities	(3,128)	(4,077)	(6,346)	(1,335)
	(78,971)	(91,792)	(90,201)	(73,650)
Net current assets	234,147	254,022	90,079	111,370
Total assets less current liabilities	474,657	482,176	304,721	593,255
Non-current liabilities				
Trade and other payables	(859)	(645)	(429)	(4,321)
Borrowings	—	—	—	(407,245)
Post-employment benefit obligations	(62,638)	(44,088)	(76,269)	(29,434)
Deferred tax liabilities	—	(4,490)	(1,096)	(52,022)
Provisions	(6,985)	(6,221)	(6,806)	(12,513)
	(70,482)	(55,444)	(84,600)	(505,535)
Net Assets	404,175	426,732	220,121	87,720
Equity				
Share capital	—	—	—	90
Share premium	—	—	—	10,514
Invested capital	404,175	426,732	220,121	—
Retained earnings	—	—	—	78,184
Revaluation reserve	—	—	—	(1,068)
Total equity	404,175	426,732	220,121	87,720

COMBINED AND CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014 *(unaudited)*	2015
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Cash flows from operating activities					
Profit before taxation	13,487	14,355	40,756	17,270	86,150
Adjustments for:					
Depreciation of property, plant and equipment	17,725	17,204	16,938	8,560	10,150
Amortisation of intangible assets	8	20	20	10	2,177
Negative goodwill on acquisition	—	—	—	—	(127,590)
Unwind of inventory fair value	—	—	—	—	15,430
Finance costs	932	1,105	2,416	1,696	53,581
(Profit)/loss on disposal of property, plant and equipment	(7,800)	58	(492)	6	83
Share based payments	485	483	804	402	977
Settlement of employee share options	—	—	—	—	(1,274)
Deferred income	(215)	(215)	(215)	(108)	(108)
Post-employment benefits	(1,656)	(1,787)	(1,118)	(315)	(2,902)
	22,966	31,223	59,109	27,521	36,674
Net movement in working capital	8,200	(272)	416	(13,448)	(25,443)
Cash generated from operations	31,166	30,951	59,525	14,073	11,231
Interest paid	(1,862)	(1,812)	(2,156)	(1,033)	(123)
Tax paid	(1,476)	(916)	(1,779)	(1,778)	(6,355)
Net cash generated from operating activities	27,828	28,223	55,590	11,262	4,753
Cash flows from investing activities					
Purchase of property, plant and equipment	(21,556)	(14,306)	(4,161)	(1,986)	(2,492)
Proceeds from sale of property plant and equipment	4,124	2,603	20,065	6	11
Acquisition of subsidiaries	(561)	—	—	—	—
Payment to former parent for the acquisition	—	—	—	—	(372,853)
Interest received	1,008	108	20	10	10
Net cash outflow from investing activities	(16,985)	(11,595)	15,924	(1,970)	(375,324)
Cash flows from financing activities					
Proceeds from issuance of equity shares	—	—	—	—	10,604
Net transactions with previous owners	2,240	(29,060)	193,082	3,182	6,863
Dividends paid to former parent	—	—	(224,863)	—	(22,000)
Drawdown of borrowings	—	—	—	—	369,000
Debt issue costs	—	—	—	—	(14,205)
Net cash inflow/(outflow) from financing activities	2,240	(29,060)	(31,781)	3,182	350,262
Net increase/(decrease) in cash and cash equivalents	13,083	(12,432)	39,733	12,474	(20,309)
Cash and cash equivalents at beginning of the period	13,614	26,696	14,265	14,265	53,996
Exchange gains/losses on cash and cash equivalents	(1)	1	(2)	(2)	—
Cash and cash equivalents at end of period	26,696	14,265	53,996	26,737	33,687

NON-IFRS FINANCIAL INFORMATION

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014 *(unaudited)*	2015
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
EBITDA before exceptional items	29,092	37,091	64,993	29,816	51,824
Management charge[1]	(2,355)	(2,237)	(2,213)	(1,107)	(226)
Share based payments	(485)	(483)	(804)	(402)	(977)
Profit/(Loss) on disposal of fixed assets	7,800	(58)	492	(6)	(83)
Pension charges[2]	(1,400)	(1,629)	(1,267)	(765)	—
Transaction costs[3]	—	—	(571)	—	(7,972)
Other adjusting items[4]	(500)	—	(500)	—	(2,668)
Exceptional costs of sales[5]	—	—	—	—	(15,430)
EBITDA	32,152	32,684	60,130	27,536	24,468
Depreciation and amortisation	(17,733)	(17,224)	(16,958)	(8,570)	(12,327)
Net finance costs	(932)	(1,105)	(2,416)	(1,696)	(53,581)
Negative goodwill on acquisition	—	—	—	—	127,590
Profit/(loss) before tax	13,487	14,355	40,756	17,270	86,150

Notes:

1. In the years ended 31 December 2012, 2013 and 2014, and in the period ended 30 June 2015 until the Bain Acquisition, management fees related to fees paid to the former parent. In the post-Bain Acquisition period, management fees of £0.2 million related to accrued amounts due to the new owners of the Group.
2. Pension charges were contributions made by the Group to pension schemes retained by CRH following the Bain Acquisition.
3. In the period ended 30 June 2015, transaction costs of £8.0 million included £0.7 million of acquisition-related costs incurred by the Group before the closing date of the Bain Acquisition and £7.3 million of acquisition-related costs incurred by the Group in the period after the Bain Acquisition.
4. Other adjusting items of £0.5 million in 2012 and 2014 relate to exceptional inventory write-offs. Other adjusting items of £2.7 million in the six month period to 30 June 2015 related to retention bonuses paid to key staff members in connection with the Bain Acquisition.
5. In accordance with IFRS, the inventory value was uplifted to fair value at the date of the Bain Acquisition, and this adjustment increased cost of sales in the post-Acquisition period. The £15.4 million for utilisation of the fair value uplift adjustment on inventory is considered an exceptional cost of sale as it is a non-cash and non-recurring item.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014 *(unaudited)*	2015
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
EBITDA before exceptional items[1]	29,092	37,091	64,993	29,816	51,824
Maintenance capital expenditure	(4,553)	(5,348)	(3,239)	(1,986)	(2,492)
Change in net working capital	8,200	(272)	416	(13,448)	(25,443)
Adjusted Free Cash Flow[2]	32,739	31,471	62,170	N/A	N/A
Cash conversion[3]	113%	85%	96%	N/A	N/A

Notes:

1. EBITDA before exceptional items is defined as EBITDA excluding management charges, share based payments, profit/(loss) on disposal of fixed assets, pensions charges, transaction costs, other adjusted items and exceptional cost of sales.
2. Adjusted Free Cash Flow is defined as EBITDA before exceptional items less maintenance capital expenditure plus change in net working capital. Only annual figures are shown due to seasonality.
3. Cash conversion is defined as Adjusted Free Cash Flow divided by EBITDA before exceptional items. Only annual figures are shown due to seasonality.

PART 9
OPERATING AND FINANCIAL REVIEW

This Part 9: "Operating and Financial Review" should be read in conjunction with Part 2: "Presentation of Financial and Other Information", Part 5: "Industry Overview", Part 6: "Business Description" and Part 11: "Historical Financial Information". Prospective investors should read the entire document and not just rely on the summary set out below. The financial information considered in this Part 9: "Operating and Financial Review" is extracted from the financial information set out in Part 11: "Historical Financial Information.

The following discussion of the Group's results of operations and financial condition contains forward-looking statements. The Group's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under Part 1: "Risk Factors" and Part 2: "Presentation of Financial and Other Information". In addition, certain industry issues also affect the Group's results of operations and are described in Part 5: "Industry Overview".

Overview

The Group is a leading manufacturer of clay bricks with a diversified range of clay and concrete products, and operations in the United Kingdom and the United States. Its principal products are clay bricks, brick components, concrete roof tiles, concrete stone masonry substitutes, concrete fencing and concrete rail products.

The Group's four primary businesses are:

- Ibstock Brick: The leading manufacturer by volume of clay bricks sold (excluding imports) in the United Kingdom. With 19 manufacturing plants and a total realisable production capacity of approximately 780 million bricks per annum, Ibstock Brick has the largest brick production capacity based in the United Kingdom. Its network of 23 active quarries are generally located close to its manufacturing plants, which limits the transportation costs of raw materials from the quarries to the manufacturing plants. On 10 September 2015, Ibstock Brick received planning approval to build a new soft mud manufacturing plant in Leicestershire, subject to certain conditions. The new Leicester plant is expected to be commissioned in the second half of 2017, and is expected to produce for sale approximately 30 million, 75 million and 95 million bricks in 2017, 2018 and 2019, respectively.
- Glen-Gery: A leading manufacturer, by despatches, of brick in the Northeast and Midwest regions of the United States, with an approximate 24% market share in these regions in 2014 based on volume of brick despatches. Glen-Gery has a network of 10 manufacturing plants, 10 resale centres and 29 active quarries covered by 20 active quarry permits in the United States.
- Supreme: A leading UK manufacturer of concrete fencing products and concrete lintels, with seven manufacturing plants in the United Kingdom. Supreme also manufactures general precast products for the house building and rail sectors.
- Forticrete: A leading UK manufacturer of concrete substitutes for natural stone walling and dressings and niche concrete roof tiles, with seven manufacturing plants in the United Kingdom, with a new planned additional concrete roof tile manufacturing line at its Leighton Buzzard facility, which is currently expected to be operational in the second half of 2016. Forticrete also manufactures concrete architectural masonry walling blocks.

The Group generated 83% of its revenue from its UK operations and 17% from its US operations for the year ended 31 December 2014. Ibstock Brick's revenue accounted for 60% of the Group's revenue for the year ended 31 December 2014, with the revenue from Glen-Gery, Supreme and Forticrete comprising 17%, 14% and 9%, respectively, for the year ended 31 December 2014. The Group's revenue by end market for the year ended 31 December 2014 consisted of 52% new build housing, 31% RMI, 14% other new build and 3% infrastructure.

Current Trading and Prospects

The Group has continued to trade in line with the Directors' expectations since 30 June 2015. Revenue for the two months ended 31 August 2015 increased by 16.4% compared with the same period in the prior year. In addition, EBITDA before exceptional items was in line with the Directors' expectations and above the same period in the prior year.

This trading performance has been driven by an increase of 7.3% of volume of bricks sold in the United Kingdom for the two months ended 31 August 2015 as compared with the same period in 2014 as well as a continuing strong pricing environment. The United States segment also contributed positively to the Group's trading performance benefitting from a 1.5% increase in sales volume over this period, as compared with the same period in 2014, and a more favourable mix of products sold.

On 10 September 2015, the Group received planning approval to build a new soft mud manufacturing plant in Leicestershire, subject to certain conditions. The new Leicester plant is currently expected to open in the second half of 2017, and is expected to produce for sale approximately 30 million, 75 million and 95 million bricks in 2017, 2018 and 2019, respectively. In addition, the construction of the Group's new concrete roof tile manufacturing line at its Leighton Buzzard facility remains on schedule and to budget and is currently expected to be operational in the second half of 2016.

The Group's production levels are in line with its plans and it believes its stock levels are at appropriate levels to continue to service its customers. The Directors are confident about the performance and prospects of the Group for the current financial year.

Factors Affecting Results of Operations

Level of Construction Activity and General Macroeconomic Conditions

Demand for the Group's products is closely correlated with construction activity in the United Kingdom and the United States, particularly new residential construction and renovation activities and non-residential construction activity. The level of activity in the construction industry is cyclical in nature and the Group's performance has historically been closely linked to gross domestic product development and unemployment levels. It is also particularly sensitive to changes in population, inflation, interest rates, the cost of financing, including mortgage financing, and other macroeconomic factors. In addition, political instability or changes in fiscal or other government policies has affected and may continue to affect the construction industry.

For the year ended 31 December 2014, the Group generated 52%, 31%, 14%, and 3% of its revenue from new build housing, RMI, other new build and infrastructure end markets, respectively. The Group's end markets can be impacted differently by changes in general macroeconomic conditions. In the past, the Group's revenue in the United Kingdom from the RMI market and from other new build in the United States (which includes other non-residential projects, such as government-funded projects) have tended to be more steady sources of revenue for the Group than certain of its other end markets. As a result, during times of economic downturn the revenue from these end markets may comprise a greater percentage of the Group's revenue than during times of economic growth, which often correlates with periods where residential construction activity, or new build housing, is high.

United Kingdom

In the United Kingdom, the Group principally derives its revenue from the sale of its clay and concrete products in residential construction projects, with demand for its products closely linked to the level of new housing starts. From 2009 to 2012, the United Kingdom experienced some growth in new housing starts as construction activity increased following a sharp downturn in activity in the wake of the financial crisis. The development of construction activity was not entirely steady, however, as new housing starts (as tracked by the DCLG and Construction Products Association) declined from approximately 129,000 in 2010 and 2011 to approximately 118,000 in 2012. Following the decrease in housing starts in 2012, the UK Government initiated the Help to Buy programme, which is designed to encourage home ownership by providing certain assistance to qualified home buyers. See *Part 5:* "*Industry Overview – United Kingdom housing construction, recent trends and developments– Help to Buy*". Following the introduction of this programme, new housing starts in the United Kingdom increased to approximately 144,000 in 2013. Housing start development has remained positive, increasing to approximately 158,000 starts in 2014, with continued growth in housing starts expected by the Construction Products Association in 2015. The UK Government has advised that the Help to Buy schemes are expected to continue to 2020.

The Group's operating results between 2012 and 2014 were impacted by volume changes and unusual stock movements as a result of movements in demand in the UK brick market. In 2012, the decline in demand in new housing starts resulted in a decrease in demand for the Group's products and brick stocks increased to a higher than average level over the year. During 2013, as a result of an increase in demand arising from rising housing starts, the Group's operating results reflected revenue from a reduction in brick stocks with the year ending with

+lower brick stock levels than average and with sales in 2013 including over 40 million more bricks sold compared to the number produced during that period. Ibstock Brick's operating profit margins also benefited from increasing utilisation in 2013 and 2014 as rising demand translated into the need to increase output levels to ensure products would be available to meet customer demand and to maintain a sustainable level of stockholding.

United States

In the United States, the Group sells its products mainly to residential and non-residential construction projects in the Northeast and Midwest regions. In these regions, residential starts as tracked by Dodge Data & Analytics increased from approximately 99,000 and 94,000 in the Northeast and Midwest, respectively, in 2009, to approximately 178,000 and 158,000 in the Northeast and Midwest, respectively, in 2014, or an increase of 80% and 68%, respectively. According to data from Dodge Data & Analytics, over the past few years there has been a higher proportion of multi-family homes among the homes built, which generally use less brick. Dodge Data & Analytics forecasts an increase in single-family housing starts, with the percentage of single-family housing starts in the United States growing from 52% in 2014 to 63% by 2017. The forecast increase in single family housing starts is expected to have a positive impact on demand for bricks.

Non-residential construction, as tracked by Dodge Data & Analytics, measuring non-residential square feet floor area, grew from 146 million and 152 million square feet of floor area in the Northeast and Midwest, respectively, in 2009, to 162 million and 204 million, respectively, in 2014, an increase of 10.1% and 34.2%, respectively. The Directors believe that the lower growth experienced in the Northeast, the Group's largest US market, which generated 65% of its US revenues in 2014, slowed the Group's recovery in the US market. The Group's revenue by end market in the United States was 53% residential, 45% non-residential and 2% paving for the year ended 31 December 2014.

Capacity Management, Utilisation and Pricing

The Group's ability to manage the capacity and the operating efficiency of its manufacturing facilities has a direct effect on the volume of goods sold and, accordingly, the Group's operating results. The utilisation level of the Group's manufacturing facilities in particular affects the Group's operating results due to certain fixed costs that are incurred whether or not utilisation levels are high or low. Furthermore, maintaining the current utilisation or making incremental improvements in the utilisation of the Group's clay manufacturing facilities in the United Kingdom is key to the Group's operating performance since these facilities are currently operating near full capacity. Historically, the Group's management of its capacity and utilisation have contributed to its performance with the Group averaging relatively stable EBITDA margin before exceptional items of approximately 19% from 1997 to 2007[1].

UK capacity management: prior to the period under review

To adjust to the slowdown in demand following the financial crisis, Ibstock Brick and its competitors reduced their production capacities by mothballing certain manufacturing plants and permanently closing other sites. Ibstock Brick's closures were made with the intention of maintaining, where possible, efficient utilisation rates at its remaining manufacturing facilities. From 2001 to 2007, Ibstock Brick's utilisation rate averaged approximately 91%.

While brick manufacturing plants can quickly shut down a kiln, it usually takes in excess of six months to reopen a kiln in a mothballed decommissioned facility and reinstate reasonably efficient production. As the construction market in the United Kingdom recovered and demand for bricks increased, Ibstock Brick operated in a market where demand for bricks exceeded available domestic supply. As a result, Ibstock Brick and its competitors began expanding output principally by bringing mothballed capacity back online and more effectively managing existing capacity, as substantial new capacity increases generally require long lead times.

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(1) EBITDA margin before exceptional items for the Group from 1997 to 2007 is the aggregation of Ibstock Brick's, Glen-Gery's, Supreme's, Anderton's and Forticrete's management accounts or statutory accounts. These accounts were prepared in accordance with UK GAAP from 1997 to 2005, except for Glen-Gery which was prepared according to US GAAP. From 2006, the accounts were prepared under IFRS, with the exception of Supreme and Anderton, which were prepared in accordance with UK GAAP in 2006. Accordingly, EBITDA margin before exceptional items in certain of the financial periods referred to was calculated on the basis of financial information which was prepared in accordance with different accounting standards and practices, and not on a consistent basis

UK capacity management and utilisation: during the period under review

Capacity management and utilisation impacted the Group's results of operations during the period under review. In 2013, a previously mothballed kiln at the Group's Leicester manufacturing facility was recommissioned. In the second half of the year the Group's redeveloped Chesterton plant was also commissioned. The redeveloped Chesterton plant replaced the original Chesterton facility and the Stourbridge factory, which was subsequently closed. In 2014, the Group's overall capacity and its operating results benefited from the Chesterton plant being operational throughout the year.

When the Group introduces a new or refurbished manufacturing facility, in addition to increasing capacity, the newer facility typically benefits from cost savings in three primary areas. First, labour costs are typically reduced as a result of the introduction of more automation in the production process. Second, the Group typically experiences lower repair and maintenance costs, as new equipment generally requires less repair work. Third, the Group often reduces other manufacturing costs, such as gas or electricity, as newer plants tend to have more energy efficient kilns and plant.

During the period under review, operational efficiencies improved with rising utilisation rates. The Group's brick plants in the United Kingdom were operating at, or close to, full capacity for the year ended 31 December 2014 and for the six months ended 30 June 2015. Group revenue in the United Kingdom increased by 34.3% from 31 December 2012 to 31 December 2014 and revenue for the six months ended 30 June 2015 increased by 12% compared to revenue for the six months ended 30 June 2014.

During such periods of high utilisation of Ibstock's manufacturing facilities, repair and maintenance expenses tend to increase, as many machinery parts have a life expectancy connected to the volume of product being produced. The Group may lose manufacturing capacity during periods of downtime, which cannot easily be transferred to other manufacturing facilities when such facilities are operating at or near capacity. Consequently, the Group carefully monitors the lifespan of machine parts in the production process to ensure that preventative repairs are undertaken when the machinery part's effective life span is reached. This effort is designed to reduce unscheduled repairs or unexpected breakdowns that could reduce capacity and/or cause the Group to incur higher costs. In line with the increasing utilisation and production volume of the Group during the period under review, the Group incurred costs of £19.4 million, £21.4 million and £27.4 million in 2012, 2013 and 2014, respectively, on repair and plant maintenance.

US capacity utilisation: during the period under review

The Group's US operations increased production volumes in the United States by 3%, 6% and 9% in 2012, 2013 and 2014, respectively. However, for the year ended 31 December 2014 and for the six months ended 30 June 2015, its US operations were still only utilising approximately 53% and 49% of production capacity, respectively. Production capacity in the United States is seasonal and tends to be greater in the second half of the year. In the period 2004 to 2006 prior to the financial crisis, the Group's US operations were utilising approximately 95% of production capacity for most of the year. As discussed in the previous factor "*Level of Construction Activity and General Macroeconomic Conditions – United States*", the Group's US operations have not experienced as significant a recovery as that experienced in the United Kingdom. Group revenue from the United States increased by 12.3% from 2012 to 2014, with margin improvements largely driven by slight increases in production capacity utilisation, price increases and lower energy costs due to favourable energy prices.

Capacity management: post period under review

The Directors believe the increase in the Group's UK brick capacity as a result of the addition of a new soft mud manufacturing plant, which has received planning approval from the authorities, subject to certain conditions, and is expected to be commissioned in the second half of 2017, will position the Group to take advantage of growth opportunities going forward. Additionally an expansion of the Leighton Buzzard roof tile facility is expected to be commissioned in 2016, which will increase the Group's production capacity for roof tiles sold by Forticrete.

If brick demand in the United States continues to recover as anticipated, the Group has the potential to significantly increase output from its existing brick manufacturing facilities, which are operating at historically low levels of capacity utilisation. In the United States there is greater flexibility in annual capacity based on the ability to have extended annual shutdowns without significant one-off labour costs and without losing access to

an appropriately skilled workforce. The Group is therefore operating at low utilisation levels with the knowledge that the current utilisation rates also represent an opportunity to increase output and utilisation levels in line with rising demand in the future.

Pricing

While the Group implemented price increases across its businesses and product ranges in 2012, 2013 and 2014, the increased sales price achieved by Ibstock Brick, particularly in 2014 and the first half of 2015, reflecting rising demand for bricks as the housing market recovered, had the most significant effect on revenue growth and financial performance. In the United Kingdom, the Group anticipates the pricing of its brick products should support future growth in its financial results. The Group expects that brick prices in the United Kingdom may continue to increase over the next few years at or above the long-term average of approximately 4%. This could lead to additional revenue for the Group from its UK operations; however, the Group will continue to weigh the financial benefit of price increases against the possibility that significant increases in price could lead to customers substituting alternative products for bricks. The Group expects prices in the United States to rise in line with general inflation.

Raw Materials, Energy and Distribution Costs and the Group's Ability to Pass on Cost Increases

Raw materials and packaging costs, energy and distribution costs constitute a large portion of the Group's manufacturing costs and fluctuations in the prices of these materials and inputs affect its results of operations. These expenses are largely variable and are determined by the amount of product produced by the Group.

The Group's primary raw materials are clay, cement and aggregates. Most of the Group's clay is procured from its own clay quarries and as a result these costs are generally not subject to market price increases. The Group's extraction costs are subcontracted and are thus a variable cost. The Group's raw material and packaging costs amounted to £64.8 million or 17.4% of revenue, for the year ended 31 December 2014, and £34.9 million or 17.2% of revenue for the six months ended 30 June 2015. For additional information on the Group's clay reserves, see *Part 6*: "*Business Description – Clay Reserves and Resources*".

The Group's manufacturing, especially brick manufacture, is energy intensive. The Group's energy costs primarily consist of the cost of the supply of electricity and natural gas used in various manufacturing processes and amounted to £42.8 million, or 11.5% of its revenue, for the year ended 31 December 2014, and £18.2 million, or 9.0% of revenue, for the six months ended 30 June 2015. The Group generally purchases natural gas and electricity at spot prices in the open market. However, the Group has also purchased energy in forward contracts in the United Kingdom, particularly for the winter production period, in order to increase certainty with respect to its pricing. In the United States, the Group has entered into hedging arrangements for gas in the past but currently has no intention to do so moving forward. The Group utilises an external firm to monitor market projections and assist in guiding its energy buying decisions. The Group intends to continue to monitor energy price indicators and may enter into additional forward contracts if it believes these will be favourable in comparison to its expectations of future prices in the open market or to provide the Group with more certainty with respect to energy prices over a particular period. Prices for energy, including natural gas and electricity, are often volatile. During the period under review, the Group's average gas prices were relatively stable, increasing or decreasing anywhere from 3% to 14% from year to year for the Group's UK operations. In the United States, the Group generally benefited from falling gas prices over the period, which positively impacted the Group's US operating results.

The Group's distribution costs amounted to £34.6 million, or 9% of revenue, for the year ended 31 December 2014, and £17.2 million, or 8.4% of revenue, for the six months ended 30 June 2015. The Group's distribution costs are primarily outsourced and as a result are largely a variable cost. As manufacturing plants generally serve local markets, distribution costs are optimised.

The Group attempts to pass on price increases of raw materials, energy and certain other manufacturing costs to its customers. The Group's pricing is generally set on a yearly basis, although in times of strongly rising energy costs, prices have historically been reviewed on a more frequent basis in the United Kingdom and United States. The Group typically revises prices when new customer agreements are negotiated annually in order to, among other things, reflect increases in input cost, although the Group's ability to increase pricing is also dependent on market conditions.

Labour Costs

The Group had 2,660 employees on its payroll as at 30 June 2015, of which 2,153, or 81%, were production staff. Approximately 1,840 of the production staff are paid on an hourly basis. The Group's labour costs tend to be more fixed in nature in the United Kingdom in the short term, particularly for Ibstock Brick, and more variable in nature in the United States. In the United Kingdom, much of Ibstock Brick's business, representing the Group's largest business, has hourly paid labour subject to a contractual guarantee of employment of 39 hours per week, which means that that there is generally in the short term a minimum fixed cost in relation to hourly paid employees, and the Group has limited flexibility to offer less work to hourly paid employees during periods when there is less work.

Following the downturn in construction activity in the United Kingdom from January 2008 to May 2009, the Group negotiated a VAA with its unionised labour force in Ibstock Brick that resulted in the reduction of operating costs while minimising redundancies. The VAA allowed Ibstock Brick to keep more of its manufacturing plants open and viable, while maintaining skills, development and training for the Group's staff. The VAA ended in 2012 due to improved economic conditions. The Directors believe that the VAA allowed Ibstock Brick to retain key staff and capacity, while lowering fixed costs in the short term when utilisation levels were lower. This approach also allowed Ibstock Brick to increase its output more quickly in 2013 and 2014 than other brick manufacturers in the United Kingdom who mothballed or permanently closed more of their capacity. Furthermore, the Directors believe that by maintaining continuity among its sales staff and customer service through sufficient staffing, the Group's result of operations benefited when the market began to rebound as appropriate levels of personnel with long-term customer relationships had remained, which contributed to maintaining and growing customer sales.

Certain aspects of the Group's UK labour costs are more variable in the short term. Supreme, due to its multi-machine manufacturing environment, has the ability to scale its output in line with demand and relies more on temporary or seasonal labour to flex the manufacture of its products.

In the United States, the Group's labour costs tend to be more variable in nature as the Group is typically able to adjust its labour force to meet seasonal demand. The same group of seasonal employees are often employed during the next season, allowing the Group to benefit from a skilled labour force but to manage costs during seasonal periods when the Group's production volumes decline or in response to other changes in demand. In the United States, production and shipment volumes tend to be slightly higher during the second half of the year. The colder weather during winter months, which causes a slowdown in construction activity as well as higher operating costs for the Group's facilities, has often led the Group to reduce the operations of its manufacturing facilities in the United States or schedule any required shutdowns during that period.

Seasonality and Weather Conditions

The construction industry, and therefore demand for building products, is typically seasonal and dependent on weather conditions, with periods of frost, snow or heavy rain negatively affecting construction activity. The Group typically experiences reduced demand during periods of cold weather, particularly during winter when the Group's revenue is typically lowest. Historically, the Group's revenue is highest during the months from March through November, although this can vary due to conditions outside the Group's control. The Group's manufacturing facilities run more regularly throughout the year in the United Kingdom, whereas the Group's US manufacturing facilities are located in areas where cold weather impacts construction activity during the winter months. As a result, each of the Group's US manufacturing plants will generally shut down for periods over the year, primarily over the winter months, depending on demand from construction activity. These winter shutdown periods vary from six weeks to up to four months. In the United Kingdom, seasonal weather also tends to provide adverse conditions for house building and RMI activity, and thus slows demand for the Group's products. The Group will typically perform planned maintenance work on larger component parts during the slower periods to avoid disruption during peak periods.

During the winters of 2014 and 2015 in the United States, the Group's first quarter shipping volume averaged 30 million bricks despatched as compared to the winters of 2012 and 2013 when the first quarter shipping volume in the United States averaged 39 million bricks despatched. The decline of 21.8% in the first quarter shipping volume in 2014 and 2015 was due to extreme cold weather as compared to the milder weather experienced in the first quarters of 2012 and 2013.

Construction activity can be affected in any particular period by adverse weather conditions, hurricanes, severe storms, torrential rains, floods, natural disasters and similar events. Unfavourable weather conditions during peak

construction periods can result in a material reduction in demand for the Group's products and consequently have an adverse effect on gross profit. Public holidays and vacation periods constitute an additional factor that may exacerbate certain seasonality effects, as building projects or industrial manufacturing processes may temporarily cease. Results of a half year might therefore not be a reliable basis for the expectations of a full fiscal year and may not be comparable with the results in the other half year in the same or previous years.

Currency Exchange Rates

As the Group's results are reported in pounds sterling, exchange rate movements between the pound sterling and the US dollar may affect its reported operating profit or loss, assets, liabilities and cash balances. In the ordinary course of business, the Group typically buys and sells in the local currency and therefore, locally, no exchange risk is typically created.

The Group presents its combined and consolidated financial statements in pounds sterling. As a result, the Group must translate the assets, liabilities, revenue and expenses of all of its operations in the US dollar into the pound sterling at then-applicable exchange rates. All of the Group's assets and liabilities are translated at the effective rate on the reporting date. Equity is translated using profits or losses in the income statement and at the average rates for the year. Consequently, increases or decreases in the value of the pound sterling may affect the value of these items with respect to the Group's non-pounds sterling businesses in its combined and consolidated financial statements, even if their value has not changed in their original currency. A 5% fluctuation in the pound sterling to US dollar exchange rate, with all other variables held in constant, would have resulted in a £3.3 million impact on the Group's revenue for the year ended 31 December 2014. For example, a stronger pound sterling will reduce the reported results of operations of the non-pounds sterling business and, conversely, a weaker pound sterling will increase the reported results of operations of the non-pounds sterling business. These translations could significantly affect the comparability of the Group's results between financial periods and/or result in significant changes to the carrying value of its assets, liabilities and shareholders' equity. The Group records the effect of these translation gains or losses in its consolidated statement of recognised income and expense as exchange differences on retranslation of foreign operations. £31.2 million or 15.3% of the Group's combined and consolidated revenue was received or denominated in US dollars for the six months ended 30 June 2015 and £64.8 million (17.4%), £62.3 million (19.6%) and £57.7 million (20.8%) of the Group's combined revenue was received or denominated in US dollars for the years ended 31 December 2014, 2013 and 2012, respectively, while the US revenue was adversely impacted over the period due to the movement in the average US dollar exchange rate from $1.58 for £1 in 2012 to $1.65 for £1 in 2014. Further details on the Group's currency exposure is contained below in "*Quantitative and Qualitative Disclosures about Market Risk – Currency Risk*".

Impact of the Bain Acquisition and Fair Value Exercise

The Group was acquired by Bain Capital on 26 February 2015 for a total consideration of £378 million. Under IFRS 3, business combinations, the Group is required to assess the fair value of its assets and liabilities at 26 February 2015, which results in changing from accounting for assets and liabilities on a historic cost basis (with values that have been depreciated or amortised) to the recognition of fair value adjustments to the Group's assets and liabilities. As a result of the fair value exercise, intangible assets for brands and customer lists have been recognised and property, plant and equipment values have been uplifted to fair value and useful economic lives reviewed and revised where appropriate. Furthermore, other accounting items, such as depreciation, amortisation, and costs of sales connected to inventory, which are tied to the Group's assets or liabilities are also impacted by the fair value exercise. As a result of the fair value adjustments implemented as at 26 February 2015, the Group's assets and liabilities, or items tied to these, presented for subsequent periods are not directly comparable with those disclosed prior to this date.

As a consequence of the Bain Acquisition and the fair value exercise, the Group recognised a number of exceptional costs in the six months ended 30 June 2015. The Bain Acquisition and the fair value exercise has resulted in an increase in total identifiable net assets acquired of £226.4 million to £505.6 million, leading to negative goodwill of £127.6 million as at 26 February 2015. The increase principally related to the fair value uplift in the carrying values of tangible fixed assets and inventory and the recognition of certain intangible assets, partly offset by the associated deferred tax liabilities and the recognition of contingent liabilities. Non-cash, non-recurring exceptional items of net £112.2 million were recognised in the six months ended 30 June 2015 as a result of the positive income associated with the £127.6 million negative goodwill adjustment, as well as a £15.4 million increase in cost of sales due to the non-cash fair value uplift on inventory values.

Going forward, the increased fair value of tangible and intangible assets is expected to result in an increased recurring depreciation and amortisation charge of approximately £12.0 million per annum. Neither recurring nor

non-recurring non-cash exceptional adjustments related to the fair value exercise will impact the Group's tax charge. The Group intends to report net income adjusted for additional depreciation and amortisation on an ongoing basis.

The Group also incurred exceptional cash costs of £10.6 million related to professional fees and retention bonuses due to key staff members as a result of the Bain Acquisition.

Tax

The Group's effective tax rate has fluctuated during the periods under review and was 17.6%, 32%, 18.1% and (6.1%) for the year ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2015, respectively. The reduced effective tax rate in 2012 was primarily due to a £2.7 million tax benefit arising as a result of a capital gain being transferred to a CRH group company for nil consideration, partly offset by an additional charge of £1.8 million, being Group relief charged by CRH to Ibstock Group Limited at a higher rate than the standard rate of UK tax. The main item giving rise to the higher effective tax rate in 2013 was also due to Group relief being charged by CRH to Ibstock Group Limited at more than the standard rate of UK tax totalling £1.8 million although this is partly offset by a £0.8 million tax benefit representing the impact of the reduction in the tax rate on the deferred tax liability. The lower effective tax rate for 2014 reflected a release of a deferred tax liability of £3.4 million relating to a transfer of land at book value to a CRH group company and a £0.8 million benefit of a tax rate change impact of the deferred tax liability, offset by a £1.5 million additional UK group relief charge in excess of the standard UK tax rate. The pre-tax profits for the six months to 30 June 2015 include negative goodwill of £127.6 million which is non-taxable thereby reducing the effective tax rate for this period. This is partly offset by a £2.0 million charge relating to group relief surrendered to CRH group companies for nil consideration. The effective tax rate eliminating the impact of these items in each of the years and the six months ended 30 June 2015 would have been 24.3%, 25.5%, 25% and 21.6%, respectively.

Profits arising in the United States are taxed at a higher rate than profits arising in the United Kingdom. The Group's future effective tax rate will therefore be impacted by the split of taxable profits arising in the United States and United Kingdom, as well as changes in tax legislation.

IAS12 requires a "balance sheet approach" to recognising and measuring deferred tax, whereby the accounting book values of assets and liabilities are compared with their tax values and the resultant differences are treated as taxable or deductible temporary differences. The main components of the £52.0 million net deferred tax liability as at 30 June 2015 were tangible fixed assets of £49.2 million, intangible assets of £28.1 million and other items including rolled over gains of £2.0 million offset by deferred tax assets relating to tax losses of £3.6 million, a pension scheme liability of £5.6 million, pension spreading of £12.8 million and other provisions of £5.3 million. The net deferred tax liability reflects the impact of the fair value adjustments arising on the Bain Acquisition. The fair value adjustments have impacted the accounting book values of assets and liabilities acquired (excluding goodwill) but with no equivalent adjustment to the tax values. Consequently, the fair value adjustments have resulted in additional deferred tax liabilities being recorded primarily in respect of tangible fixed assets (£31.1 million) and intangible assets (£28.5 million) in the acquisition balance sheet. This additional deferred tax liability will unwind in line with the additional depreciation and amortisation charged to the income statement in future years.

As at 30 June 2015, the Group had capital allowances of £97.0 million, tax losses of £18.1 million and pension spreading of £64.0 million. The anti-avoidance rules contained in Part 2 Chapter 16A Capital Allowances Act 2001 and Part 14 Corporation Tax Act 2010, that apply on a change in ownership to restrict the future use of capital allowances and tax losses, respectively, are not applicable under the circumstances.

The Reorganisation

In connection with Admission, the Group will take certain steps as part of the Reorganisation. In preparation for Reorganisation, the Group took certain actions with respect to its Senior Facilities Agreement. The amortisation of the Senior Facilities was accelerated prior to 30 June 2015. The Group's intent is to refinance the Term Loan of £250 million under the Senior Facilities Agreement with proceeds from the Offer and with the New Term Loan of £200 million provided under the New Facilities Agreement that the Company entered into on 12 September 2015, conditional upon Admission, the repayment and cancellation of facilities under the Senior Facilities Agreement and the Revolving Credit Agreement, and customary closing conditions. As a result of the voluntary early repayment of the Senior Facilities Agreement, the Group will incur a make whole premium cost of approximately £23.8 million (based on costs as at 30 June 2015). The New Facilities Agreement has an opening cash margin of 2.25%, compared to 8% for the Senior Facilities Agreement.

In addition, interest payable on the Senior Facility of £8.6 million, together with interest payable on the Preference Shares and Revolving Credit Facility of £1.8 million and £0.5 million, respectively, resulted in a total interest payable on securitised debt of £50.4 million as at 30 June 2015. Non cash interest charges of £1.2 million resulted in a total finance charge for the six months ended 30 June 2015 of £53.7 million.

Principal Components of Results of Operations

Description of Key Line Items

Revenue

The Group generates revenue from two reporting segments: the United Kingdom and the United States. In the United Kingdom, revenue is generated from products sold to the housing, commercial and public non-residential sectors, and additionally to the rail sector, as well as sales of surplus clay in the open market. In the United States, revenue is generated from products sold to the housing and non-residential sectors, mainly in the Northeast and Midwest regions of the country.

Cost of sales

The Group's raw material and labour costs account for a significant proportion of the Group's cost of sales, with the remaining significant cost elements relating to energy, maintenance, materials and depreciation. Costs associated with raw materials relate to the cost of clay (including extraction costs), cement, aggregates and packaging materials.

Distribution costs

The Group's distribution costs represent costs relating to the distribution of the Group's products to customers, the majority of which is conducted using third party distributors.

Net administrative expenses

The Group's net administrative expenses are comprised of all personnel costs not directly linked to the manufacturing process, including all personnel costs related to directors and senior management. Other administrative expenses include insurance costs and non-production related depreciation.

Profit/(loss) on disposal of property, plant and equipment

Profit on disposal of property, plant and equipment relates to the difference between the proceeds received for the item disposed of and the net book value of that item.

Other income

The Group's other income is comprised of income the Group receives relating to the rental of surplus properties and landfill sites. Expenses relating to these activities are netted against the income generated.

Finance costs

Finance costs comprise the expense of servicing the Group's credit facilities, the amortisation of any associated costs of putting such facilities in place, as well as the unwinding of discount on provisions and net interest costs arising on the Ibstock Pension Scheme.

Finance income

Finance income consists of interest received.

Taxation

Taxation in the financial statements represents the corporation tax charge on the Group's profit or loss for the year, and includes both current and deferred taxation.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted in each jurisdiction at the end of the reporting period, and any adjustments in respect of previous periods.

Deferred tax is provided using the liability method on temporary differences as at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future; and
- Deferred income tax assets are recognised only to the extent that it is probable that the taxable profit against which the deductible temporary differences, carried-forward tax credits or tax losses can be utilised will be available.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the reporting date.

Segments

The Group divides its operations into two operating segments: the United Kingdom and the United States. The United Kingdom segment includes Ibstock Brick, Forticrete and Supreme. The United States segment includes Glen-Gery. Revenue from Ibstock Brick, Glen-Gery, Supreme and Forticrete represented 58%, 21%, 13% and 8% of revenue, respectively, in 2012; 59%, 20%, 13%, 8%, respectively, in 2013; and 60%, 17%,14% and 9%, respectively, in 2014.

Comparison of Six Months Ended 30 June 2015 and 30 June 2014

Results of Operations	Six months ended 30 June 2014 (*unaudited*)	2015
	(£'000)	(£'000)
Revenue	181,552	203,373
Cost of sales before exceptional items	(128,216)	(127,254)
Exceptional cost of sales	—	(15,430)
Gross profit	53,336	60,689
Distribution costs	(17,234)	(17,158)
Administrative expenses before exceptional items	(16,108)	(20,791)
Other administrative exceptional items	(2,274)	(11,843)
Net administrative expenses	(18,382)	(32,634)
Negative goodwill on acquisition	—	127,590
(Loss)/Profit on disposal of property, plant and equipment	(6)	(83)
Other income	1,683	1,762
Other expenses	(431)	(435)
Operating profit	18,966	139,731
Finance costs	(1,706)	(53,747)
Finance income	10	166
Net finance (cost)/income	(1,696)	(53,581)
Profit before taxation	17,270	86,150
Taxation	(3,451)	5,264
Profit for the financial period	13,819	91,414

Group revenue

Total revenue increased by £21.8 million, or 12.0%, to £203.4 million in the six months ended 30 June 2015 from £181.6 million in the six months ended 30 June 2014. The revenue increase was principally driven by price increases in the United Kingdom and a mix of price and volume changes in the United States. Total UK brick prices in the six months ended 30 June 2015 increased more than 10% over the corresponding period in 2014, while US prices also increased over the equivalent period in 2014. Revenues for the six months ended 30 June 2015 in the United Kingdom also reflected a change in the customer mix in the UK brick business, with a higher proportion of sales sold into the RMI end market rather than the new build housing end market.

Segmental revenue

Segmental Revenue	Six months ended 30 June 2014 *(unaudited)*	2015
	(£'000)	(£'000)
United Kingdom	154,177	172,178
United States	27,375	31,195

Total revenue for the Group's United Kingdom segment increased by £18.0 million, or 11.7%, to £172.2 million in the six months ended 30 June 2015 from £154.2 million in the six months ended 30 June 2014. The increase was primarily due to price growth, which remained positive in the first half of 2015. Brick sales volumes decreased in the United Kingdom against the corresponding 2014 period. In the United Kingdom, the small volume reduction was attributed to a slow-down in overall construction activity due to the uncertainty created by the UK general election in May 2015, together with some of the major housing developers reducing their stock levels in the first half of 2015. Additionally, the Group's volume of concrete fencing posts sold were lower in the first half of 2015 against the corresponding 2014 period as a result of seasonal weather in 2014 which increased demand but which did not recur in the first half of 2015.

Total revenue for the Group's United States segment increased by £3.8 million, or 14.0%, to £31.2 million in the six months ended 30 June 2015 from £27.4 million in the six months ended 30 June 2014. The increase was primarily due to an increase in both price and sales volumes compared to the corresponding prior year period.

Cost of sales before exceptional items

Cost of Sales	Six months ended 30 June 2014 *(unaudited)*		2015	
	(£'000)	% of Revenue	(£'000)	% of Revenue
Labour – Direct	39,809	21.9%	42,720	21.0%
Raw materials & packaging costs	35,464	19.5%	34,937	17.2%
Energy	22,623	12.5%	18,224	9.0%
Other factory costs	21,760	12.0%	21,223	10.4%
Total cost of sales before depreciation	119,656	65.9%	117,104	57.6%
Depreciation	8,560	4.7%	10,150	5.0%
Cost of sales	128,216	70.6%	127,254	62.6%

Cost of sales before exceptional items decreased by £1.0 million, or 0.8%, to £127.3 million in the six months ended 30 June 2015 from £128.2 million in the six months ended 30 June 2014. The lower cost of sales was accounted for by reduced sales volumes in the United Kingdom, with a slight reduction in the cost of raw materials associated with imports, and lower gas prices for the Group for the six months ended 30 June 2015 as compared to the prior year period.

Exceptional cost of sales

The Group incurred an exceptional cost of sales of £15.4 million in the six months ended 30 June 2015, compared to a nil exceptional cost of sales in the prior year period. This exceptional cost of sales was incurred due to the increase in inventory values to fair value at the Bain Acquisition. This adjustment, which was in accordance with IFRS, increased the cost of sales in the trading period after the Bain Acquisition. This was a non-cash item and non-recurring. Further details are contained above in "*Factors Affecting Results of Operations – Impact of the Bain Acquisition and Fair Value Exercise*".

Negative goodwill on acquisition

The Group incurred a negative goodwill credit of £127.6 million in the six months ended 30 June 2015 due to the fair value adjustment under IFRS 3 of the Group's assets and liabilities in connection with the Bain Acquisition.

Net administrative expenses

Net administrative expenses increased by £14.3 million, or 77.5%, to £32.6 million in the six months ended 30 June 2015 from £18.4 million in the six months ended 30 June 2014. Administrative expenses before exceptional items increased by £4.7 million from £16.1 million to £20.8 million, due primarily to the amortisation of intangible assets recognised on the Bain Acquisition. Other administrative exceptional items of £11.8 million, up by £9.6 million from £2.3 million for six months ended 30 June 2014, related to transaction costs from the Bain Acquisition.

Other income

Other income increased by £0.1 million, or 4.7%, to £1.8 million in the six months ended 30 June 2015 from £1.7 million in the six months ended 30 June 2014. The increase was mainly due to improvements in royalty payments relating to landfill gas royalties and landfill royalties.

Net finance (cost)/income

Net finance (cost) increased by £51.9 million, to £53.6 million in the six months ended 30 June 2015 from £1.7 million in the six months ended 30 June 2014. This increase was due to a number of exceptional items relating to the Bain Acquisition, together with accelerated amortisation costs in relation to the life of securitised debt. The total cost of these items reflected in the combined and consolidated income statement for the six months ended 30 June 2015 amounted to £48.1 million, with £39.5 million of this relating to the securitised debt.

Taxation

Tax costs decreased by £8.7 million, from a charge of £3.5 million for the six months ended 30 June 2014 to a credit of £5.3 million for the six months ended 30 June 2015. The principal movements were due to the higher pre-tax profits in the six months to 30 June 2014 compared to the six months to 30 June 2015 resulting in a tax differential of £11.9 million, an additional charge of £2.0 million of group relief surrendered to CRH for nil consideration and a net charge of £1.1 million, the major elements of which were disallowable deal costs relating to the Bain Acquisition as well as the impact of foreign tax rates. Further details regarding the Bain Acquisition are contained above in "*Factors Affecting Results of Operations – Impact of the Bain Acquisition and Fair Value Exercise*".

Comparison of Years Ended 31 December 2014 and 31 December 2013

Results of Operations	Year ended 31 December 2013	2014
	(£'000)	(£'000)
Revenue	317,218	373,233
Cost of sales before exceptional items	(234,768)	(255,333)
Gross profit	82,450	117,900
Distribution costs	(32,238)	(34,601)
Administrative expenses before exceptional items	(33,310)	(37,922)
Other administrative exceptional items	(4,349)	(5,355)
Net administrative expenses	(37,659)	(43,277)
Profit/(Loss) on disposal of property, plant and equipment	(58)	492
Other income (net)	2,965	2,658
Operating profit	15,460	43,172
Finance costs	(3,526)	(4,364)
Finance income	2,421	1,948
Net finance (cost)/income	(1,105)	(2,416)
Profit before taxation	14,355	40,756
Taxation	(4,598)	(7,397)
Profit for the financial period	9,757	33,359

Group revenue

Total revenue increased by £56.0 million, or 17.7%, to £373.2 million in the year ended 31 December 2014 from £317.2 million in the year ended 31 December 2013. The increase was primarily due to improved market conditions in the United Kingdom for housing construction activity, leading to increased sales volumes and prices. The majority of the increase in total revenue was generated by the Group's UK operations, where residential construction increased and the additional capacity realised through the redevelopment of the Chesterton manufacturing plant contributing to a growth of £9.9 million in revenue. In addition, £5.4 million of the growth in revenue came from the sale of imported bricks as management sought to fill brick demand in the United Kingdom.

Segmental revenue

Segmental Revenue	Year ended 31 December 2013	2014
	(£'000)	(£'000)
United Kingdom	254,901	308,399
United States	62,317	64,834

Total revenue for the Group's United Kingdom segment increased by £53.5 million, or 21.0%, to £308.4 million in the year ended 31 December 2014 from £254.9 million in the year ended 31 December 2013, primarily due to higher sales volume and price increases. The increase in volume was driven by improved housing activity, which particularly benefited the Group's clay brick, concrete roof tile and walling products, while a scarcity of bricks allowed the Group to increase prices during the period. An improved environment in the RMI market and rail segments also benefited the Group's remaining concrete products. The recovery in the United Kingdom construction market was led by a recovery in the residential new build sub-sector, due in part to government initiatives intended to stimulate housing demand, and in particular the Help to Buy programme, which had a positive impact on sales.

Total revenue for the Group's United States segment increased by £2.5 million, or 4.0%, to £64.8 million in the year ended 31 December 2014 from £62.3 million in the year ended 31 December 2013. The increase was

primarily due to higher sales volume resulting from increases in housing starts and non-residential construction. Price increases over the period also contributed to the increase in total revenue. The recovery in housing activity in the United States resulted in improved performance in the Group's Northeast and Midwest markets.

Cost of sales

Cost of sales increased by £20.6 million, or 8.8%, to £255.3 million in the year ended 31 December 2014 from £234.8 million in the year ended 31 December 2013. The majority of the higher cost of sales resulted from an increase in production activity in 2014.

Cost of Sales	Year ended 31 December 2013		2014	
	(£'000)	% of Revenue	(£'000)	% of Revenue
Labour – direct	71,081	22.4%	77,780	20.8%
Raw materials & packaging costs	47,906	15.1%	64,823	17.4%
Energy	41,249	13.0%	42,765	11.5%
Other factory costs	57,678	18.2%	53,301	14.3%
Total cost of sales before depreciation	217,914	68.7%	238,669	63.9%
Depreciation	16,854	5.3%	16,664	4.5%
Cost of sales	234,768	74.0%	255,333	68.4%

Labour direct costs increased by £6.7 million year on year. This was largely the result of additional labour costs associated with the increase in production volume, including an increase in production headcount and additional overtime costs as some factories added second shifts in order to maximise production output. Raw materials and packaging costs increased by £16.9 million over the same period as production volumes grew, which included additional costs of £9.3 million related to the purchase of imported bricks in 2014, compared to the costs of £1.3 million in 2013, as the Group purchased imported brick to meet demand.

The Group's energy costs increased by £1.5 million year on year, which represented a decrease of 1.5% of costs as a percentage of revenue year on year. The Group's energy costs, which primarily consist of gas and electricity costs, declined as a percentage of revenue for the year ended 31 December 2014. This was largely due to a reduction in gas prices over of the period and decreased energy consumption associated with continued energy efficiencies from high factory utilisation.

The Group's other factory costs decreased by £4.4 million year on year. Substantial other factory costs were incurred in 2013 as costs were recognised in connection with the Group's stock reduction as brick stock levels were sold down to keep up with the increase in demand experienced by the Group following the announcement of the Help to Buy scheme and the growth in demand for bricks, whereas the Group experienced a reduction in costs relating to brick stock as the Group built up its brick stock levels in 2014. The decrease in costs year on year was slightly offset by a small increase in repair and maintenance costs in the year ended 2014 in connection with higher utilisation levels and associated repairs at the Group's brick factories in the United Kingdom.

Cost of sales as a percentage of revenue fell between 31 December 2013 and 31 December 2014. There was an overall reduction of 5.6%, which is primarily attributable to operating efficiencies experienced in 2014 as a result of increased utilisation levels and the full year impact of operational efficiencies at the Chesterton facility in 2014.

Distribution costs

Distribution costs increased by £2.4 million, or 7.3%, to £34.6 million in the year ended 31 December 2014 from £32.2 million in the year ended 31 December 2013. This increase was due to increased sales activity in 2014.

Total administrative expenses

Total administrative expenses increased by £5.6 million, or 14.9%, to £43.3 million in the year ended 31 December 2014 from £37.7 million in the year ended 31 December 2013. This increase was due to additional IT costs in relation to the upgrade of the IT system in the United Kingdom, together with additional IT licensing costs. A further element of the year on year difference related to a one-off compensation payment of £0.4 million

received from Npower relating to a refund to Forticrete for overpaying for electricity due to an incorrect meter fitting.

Other income

Other income decreased by £0.3 million, or 10.4%, to £2.7 million in the year ended 31 December 2014 from £3.0 million in the year ended 31 December 2013. The decrease was mainly due to a reduction in the Group's net property receipts from landfill and property rental income.

Net finance (cost)/income

Net finance cost increased by £1.3 million, or 118.2%, to £2.4 million in the year ended 31 December 2014 from £1.1 million in the year ended 31 December 2013. This increase was mainly due to additional interest costs due in 2014 on an intra-Group cash balance held between Glen-Gery and Oldcastle.

Taxation

Tax costs increased by £2.8 million, or 60.9%, to £7.4 million in the year ended 31 December 2014 from £4.6 million in the year ended 31 December 2013. This increase was attributable to the higher pre-tax profits in 2014, which was offset by the impact of the reduction in the standard rate of UK corporation tax from 23.25% in 2013 to 21.50% in 2014. In addition, the movement in the tax charge was also impacted by a release of a deferred tax liability of £3.4 million in 2014 in relation to a transfer of land to a former Group company at book value.

Comparison of Years Ended 31 December 2013 and 31 December 2012

Results of Operations	Year ended 31 December	
	2012	2013
	(£'000)	(£'000)
Revenue	277,950	317,218
Cost of sales before exceptional items	(209,932)	(234,768)
Gross profit	68,018	82,450
Distribution costs	(27,720)	(32,238)
Administrative expenses before exceptional items	(31,457)	(33,310)
Other administrative exceptional items	(4,740)	(4,349)
Net administrative expenses	(36,197)	(37,659)
Profit/(loss) on disposal of property, plant and equipment	7,800	(58)
Other income (net)	2,518	2,965
Operating profit	14,419	15,460
Finance costs	(4,821)	(3,526)
Finance income	3,889	2,421
Net finance (cost)/income	(932)	(1,105)
Profit before taxation	13,487	14,355
Taxation	(2,371)	(4,598)
Profit for the financial period	11,116	9,757

Group revenue

Total revenue increased by £39.3 million, or 14.1%, to £317.2 million in the year ended 31 December 2013 from £278.0 in the year ended 31 December 2012. The increase was primarily driven by initial improvements in housing activity and some recovery in commercial and RMI segments in the United Kingdom, which particularly benefited the Group's clay brick, concrete roof tile and walling products by increasing the volume of sales of these products.

Segmental revenue

Segmental Revenue	Year ended 31 December 2012	2013
	(£'000)	(£'000)
United Kingdom	220,242	254,901
United States	57,708	62,317

Total revenue for the Group's United Kingdom segment increased by £34.7 million, or 15.7%, to £254.9 million in the year ended 31 December 2013 from £220.2 million in the year ended 31 December 2012, mainly due to higher sales volume. The increase in sales volume was primarily due to increased housing starts in the United Kingdom. This particularly benefited sales of the Group's clay brick, concrete roof tile and walling products.

Total revenue for the Group's United States segment increased by £4.6 million, or 8.0%, to £62.3 million in the year ended 31 December 2013 from £57.7 million in the year ended 31 December 2012. The increase was driven by slightly higher volumes due to an increase in housing starts and non-residential construction in the Group's Northeast and Midwest markets, in addition to the full year consolidation of a distributor purchased by Glen-Gery in the third quarter of 2012. Single family start increases lagged multi-family starts during this period. Multi-family properties typically use less Group products than single family properties, which impacts the amount of the Group's products that are used.

Cost of sales

Cost of Sales	Year ended 31 December 2012		2013	
	(£'000)	% of Revenue	(£'000)	% of Revenue
Labour – direct	68,347	24.6%	71,081	22.4%
Raw materials & packaging costs	44,076	15.9%	47,906	15.1%
Energy	35,981	12.9%	41,249	13.0%
Other factory costs	44,244	15.9%	57,678	18.2%
Total cost of sales before depreciation	192,648	69.3%	217,914	68.7%
Depreciation	17,284	6.2%	16,854	5.3%
Cost of sales	209,932	75.5%	234,768	74.0%

Cost of sales increased by £24.8 million, or 11.8%, to £234.8 million in the year ended 31 December 2013 from £209.9 million in the year ended 31 December 2012. The higher cost of sales arose from increased sales and production activity in 2013. Slight rises in the cost of employment and raw materials were seen as a result of increased production volumes year on year, whilst gas prices increased by 14.1% over the same period.

The large increase in sales volumes in 2013 compared to 2012 in the United Kingdom saw the Group's businesses de-stock, creating an £11 million adverse movement (other factory costs) in stock change year on year. This was due to demand outstripping production output at the Group's UK brick factories.

Cost of sales as a percentage of revenue decreased by 1.5% overall between 31 December 2012 and 31 December 2013.

Distribution costs

Distribution costs increased by £4.5 million, or 16.3%, to £32.2 million in the year ended 31 December 2013 from £27.7 million in the year ended 31 December 2012. This increase was due to significantly increased sales volumes between the periods.

Total administrative expenses

Net administrative expenses increased by £1.5 million, or 4.0%, to £37.7 million in the year ended 31 December 2013 from £36.2 million in the year ended 31 December 2012. This increase was primarily attributable to cost inflation.

Profit on disposal of property, plant and equipment

Profit on disposal of property, plant and equipment decreased by £7.9 million, to a loss of £58,000 in the year ended 31 December 2013 from a profit of £7.8 million in the year ended 31 December 2012. The decrease was mainly due to the disposal of the Pinhoe factory for £11.2 million in 2012, with a net book value of £2.8 million, whereas no major disposals were made in 2013.

Other income

Net other income increased by £0.4 million, or 17.8%, to £3.0 million in the year ended 31 December 2013 from £2.5 million in the year ended 31 December 2012. This increase was due to an increase in the Group's net property receipts from landfill and property rental income.

Net finance (cost)/income

Net finance (cost) increased by £0.2 million, or 18.6%, to £1.1 million in the year ended 31 December 2013 from £0.9 million in the year ended 31 December 2012. This increase relates to the additional interest due on an intercompany balance movement.

Taxation

Tax costs increased by £2.2 million, or 93.9%, to £4.6 million in the year ended 31 December 2013 from £2.4 million in the year ended 31 December 2012. This increase was largely due to the inclusion of a capital gain in the 2012 pre-tax profits, which was not subject to tax due to the availability of capital losses in a former Group company.

Liquidity and Capital Resources

Overview

The Group's principal sources of funds are cash generated from operating activities and, to the extent necessary, commitments available under its credit facilities. The Group's principal external funding arrangements are described under "– *Borrowings*" below.

The following table summarises the Group's consolidated cash flows for the periods indicated and has been extracted without material adjustment from the consolidated historical financial information set out in *Part 11*: "*Historical Financial Information*":

Cash Flows	Year ended 31 December 2012	2013	2014	Six months ended 30 June 2014	2015
	(£'000)	(£'000)	(£'000)	(unaudited) (£'000)	(£'000)
Net cash generated from operating activities	27,828	28,223	55,590	11,262	4,753
Net cash flow from investing activities – Inflow/(Outflow)	(16,985)	(11,595)	15,924	(1,970)	(375,324)
Net cash flow from financing activities – Inflow/(Outflow)	2,240	(29,060)	(31,781)	3,182	350,262
Cash and cash equivalents at end of period	26,696	14,265	53,996	26,737	33,687

Net Cash Generated from Operating Activities

The primary source of the Group's cash flows is funds generated by its operating activities. The Group's net cash from operating activities primarily comprises the Group's operating profit for the year, adjusted for depreciation and amortisation, together with working capital movements, changes in provisions, other non-current liabilities and tax paid.

Net cash inflow from operating activities reduced to £4.8 million in the six months ended 30 June 2015 from £11.3 million in the six months ended 30 June 2014. This reduction in net cash inflow from operating activities was due primarily to the costs associated with the Bain Acquisition, particularly the accelerated amortisation of the securitised debt. The net cash inflow from operating activities increased to £55.6 million in the year ended 31 December 2014 from £28.2 million in the year ended 31 December 2013. This increase in net cash inflow

from operating activities was due primarily to the growth of profit before taxation to £40.8 million in the year ended 31 December 2014 from £14.4 million in the year ended 31 December 2013.

The net cash inflow from operating activities increased to £28.2 million in the year ended 31 December 2013 from £27.8 million in the year ended 31 December 2012. This increase in net cash inflow from operating activities was due primarily to the movement in working capital arising from stock reduction during 2013 and asset sales, partially offset by a lower level of profit on disposal of property, plant and equipment.

Net Cash Flow from Investing Activities

The Group's net cash flow from investing activities consisted of cash used for payments for the purchase of property, plant and equipment, cash received from the sales of plant, property and equipment, proceeds from the sale of assets held for sale and any interest received.

Net cash outflow from investing activities increased to £375.3 million in the six months ended 30 June 2015 from £2.0 million in the six months ended 30 June 2014. This increase in net cash outflow from investing activities primarily reflects the payment to the former parent for the acquisition of Ibstock.

There was a net cash inflow from investing activities of £15.9 million in the year ended 31 December 2014, compared to a net cash outflow of £11.6 million in the year ended 31 December 2013. This change in net cash flow from investing activities primarily reflects a decrease of £10.1 million in the purchase of property, plant and equipment and an increase of £17.5 million from the proceeds of the sale of property, plant and equipment in the year ended 31 December 2014, compared to 31 December 2013.

Net cash outflow from investing activities decreased to £11.6 million in the year ended 31 December 2013 from £17.0 million in the year ended 31 December 2012. This decrease in net cash outflow from investing activities primarily reflects a decrease of £7.3 million in the purchase of property, plant and equipment in the year ended 31 December 2013 compared to the year ended 31 December 2012. The remainder of the difference related to interest received.

Net Cash Outflows from Financing Activities

General

Net cash inflow from financing activities increased to £350.3 million in the six months ended 30 June 2015 from £3.2 million in the six months ended 30 June 2014. The increase was primarily due to transactions relating to the Bain Acquisition including the drawdown of £369.0 million in borrowings, proceeds from the issuance of equity shares and transactions with previous owners. £22.0 million of dividends were also paid during the six months period ended 30 June 2015 along with £14.2 million of debt issue costs. Net cash outflow from financing activities increased to £31.8 million in the year ended 31 December 2014 from £29.1 million in the year ended 31 December 2013. The net increase of £2.7 million comprised a £224.9 million dividend payment and additional inter-company payments compared with 2013 (£29.1 million), partly offset by the sale of properties to Group companies (£193.1 million).

Net cash outflow from financing activities was £29.1 million in the year ended 31 December 2013, compared to an inflow of £2.2 million in the year ended 31 December 2012. The change was due to intercompany cash funding movements.

Capital Expenditures

	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014**	**2015**
	(£'000)	**(£'000)**	**(£'000)**	**(unaudited) (£'000)**	**(£'000)**
Maintenance[(1)]	4,553	5,348	4,161	1,986	2,492
Development[(2)]	17,003	8,958	—	—	—
Total Capital Expenditures	21,556	14,306	4,161	1,986	2,492

Notes:

(1) Maintenance capital expenditures include the routine replacement of property, plant and equipment, along with expenditures on health, safety and environment capital items.

(2) Development capital expenditures include profit enhancing projects including new plant facilities.

Until 26 February 2015, the Group's capital expenditure was managed by CRH for the Group's UK operations and by Oldcastle for the Group's US operations. Capital expenditure was primarily used to replace equipment and refurbish the manufacturing facilities, which are capital expenditures as opposed to the expenses that the Group incurs each year relating to repair and maintenance, which have been approximately £20 million per year in the period under review. In 2012 and 2013, the Group's capital expenditure was higher than recent years in part due to the Group's construction of its new wire cut brick manufacturing plant in Chesterton. Capital expenditure for the six months ended 30 June 2015 was £2.5 million. Based on the Group's existing conditions and current operations, it expects to incur additional maintenance and development capital expenditures of approximately £9.3 million and £11.0 million, respectively, in the year ended 31 December 2015 and approximately £10.1 million and £40.4 million, respectively, in the year ended 31 December 2016. The Group expects to fund such capital expenditures from existing cash resources and from operating cash flow after providing for interest and tax payments. The estimated amounts of these capital expenditures are forward looking statements, are based on assumptions or estimates that are made as of the date of this Prospectus, and are subject to risks and uncertainties. The actual amounts of future capital expenditures could differ materially from those set out above. For further information on such forward looking statements see *Part 2: "Presentation of Financial and Other Information – Information regarding forward-looking statements*.

Borrowings

Prior to the Bain Acquisition, the Group's principal sources of borrowings were held at the CRH level. CRH held the cash of the UK operations through pooled funding with other CRH entities and in the United States, while Glen-Gery managed working capital through a combination of cash and inter-company loans and debt. For the years ended 31 December 2012, 2013 and 2014, the UK operations were cash positive and did not need to avail of any of the borrowing facilities at the CRH level. The Group's total borrowings (net of capitalised debt issue costs) were nil as of 31 December 2014 and £407.2 million as of 30 June 2015.

	As at 30 June 2015
	(£000)
Revolving Credit Agreement	22,262
Senior Facilities Agreement[1]	286,118
Shareholder Loan Notes[2]	53,823
Preference Shares[2]	45,042
Total borrowings	407,245

Notes:

(1) Borrowings as of 30 June 2015 included a £23.8 million make-whole premium for the prepayment of the Senior Facilities Agreement.

(2) As part of the pre-Admission Reorganisation, Shareholder Loan Notes of £53.8 million and the Preference Shares of £45.0 million will be converted into ordinary shares.

Revolving Credit Agreement

On 13 February 2015, Figgs UK Limited, Figgs Bidco Limited and Figgs Bidco 2 Limited entered into a super senior revolving credit agreement (the "**Revolving Credit Agreement**") with Lloyds Bank plc ("**Lloyds Bank**") and The Governor and Company of The Bank of Ireland, providing for facilities comprising a £40.0 million super senior revolving credit facility (the "**Revolving Credit Facility**"). The interest rate on each loan is the percentage rate per annum which is the aggregate of the applicable margin of 3.50% p.a. (subject to the margin ratchet described below) and LIBOR or, in relation to any loan in euro, the Euro Interbank Offered Rate ("**EURIBOR**"). Once at least 12 months have passed, and provided no event of default (as defined in the Revolving Credit Agreement) has occurred which is continuing, the applicable margin rate will be one of 2.75%, 3.00%, 3.25%, or 3.50% on the basis of minimum EBITDA.

As at 30 June 2015, the amount drawn under the Revolving Credit Agreement was £24.0 million due to working capital movements, but the Group expects to reduce the balance to zero prior to Admission and to repay the facility under the Revolving Credit Agreement on Admission with existing cash resources available to the Group.

Senior Facilities Agreement

On 13 February 2015, Figgs UK Limited as borrower entered into a senior facilities agreement (the "**Senior Facilities Agreement**") with GSO Aiguille des Grands Montets ESDF (Luxembourg) S.à r.l., GSO COF II ESDF (Luxembourg) S.à r.l., GSO European Senior Debt Fund (Luxembourg) S.à r.l. and GSO Diamond Holdings I S.à r.l. as original lenders, providing for term loan facilities comprising: (i) a £250.0 million term loan

(the "**Term Loan**") and (ii) £20.0 million acquisition facility loan (the "**Acquisition Facility**") (the Term Loan and the Acquisition Facility, together the "**Senior Facilities**"). The Term Loan was fully drawn on closing of the Bain Acquisition and the Acquisition Facility was undrawn. The interest rate on each loan is the percentage rate per annum which is the aggregate of the applicable margin of 8.00% p.a. cash and the London Interbank Offered Rate ("**LIBOR**") with a 1% floor (or, if elected, paid-in-kind at 8.5% p.a.).

The final maturity of the Senior Facilities Agreement is 26 February 2021. The Senior Facilities may be voluntarily repaid subject to payment of any applicable make-whole premium, accrued interest and break costs. The Acquisition Facility will not be available to the Group if it remains undrawn by 26 November 2015. Following Admission, Bain Capital will hold over 30% of the shares and voting rights in the Company, which in turn fully indirectly owns Figgs Newco Limited. As a result, the IPO will not trigger a mandatory prepayment event of the Senior Facilities.

The Group intends to use proceeds borrowed under the New Facilities Agreement (as defined below) to voluntarily prepay the Senior Facilities, together with any related costs immediately following Admission. Borrowings as of 30 June 2015 include £23.8 million related to a make-whole premium for the prepayment of the Senior Facilities.

Shareholder Loan Notes

The Shareholder loan notes were issued by Figgs Midco Limited on 26 February 2015 in connection with the Bain Acquisition and are held by Diamond (BC) S.à r.l. ("**Shareholder Loan Notes**"). The Shareholder Loan Notes attract interest of 12% per annum on the principal plus any unpaid interest. Interest is payable on a quarterly basis. The Shareholder Loan Notes are repayable at par on maturity in February 2021 or earlier at the option of Figgs Topco Limited. The par value of the Shareholder Loan Notes was £51.8 million. The Shareholder Loan Notes will ultimately be converted into Ordinary Shares pursuant to the pre-Admission steps of the Reorganisation as described in *Part 14*: "*Additional Information – Reorganisation*".

Preference Shares

43,250,000 £0.001 preference shares were issued by Figgs Topco Limited on 4 February 2015 in connection with the Bain Acquisition and are held by Diamond (BC) S.à r.l. (the "**Preference Shares**"). The Preference Shares bear a 12% annual fixed yield, compounding quarterly on 31 March, 30 June, 30 September and 31 December of each year. On any redemption of the Preference Shares, all arrears and accruals (if any) of the dividend shall be paid. There is no fixed date of repayment; the Preference Shares can be redeemed at par at any time at the agreement of both Figgs Topco Limited and the holder, or the Preference Shares are mandatorily redeemable at par on a triggering event, including the sale of the business. There is no premium payable on the redemption and the Preference Shares carry no votes at general meetings. Due to the fixed yield and the obligation to transfer cash to redeem the Preference Shares, the Preference Shares are considered to have financial liability instrument characteristics and therefore have been treated for accounting purposes as a financial liability. The Preference Shares will be converted into Ordinary Shares pursuant to the pre-Admission steps of the Reorganisation as described in *Part 14*: "*Additional Information – Reorganisation*".

New Facilities Agreement

On 12 September 2015, the Company, Ibstock Building Products, Glen-Gery and various subsidiaries of the Company entered into a £240.0 million unsecured facilities agreement (the "**New Facilities Agreement**") with UBS Limited, Barclays Bank PLC, J.P. Morgan Limited and Lloyds Bank plc as mandated lead arrangers and bookrunners, with Lloyds Bank plc as underwriter, which will provide for a £200.0 million term loan A facility (the "**New Term Loan**") and a £40.0 million revolving credit facility (the "**New Revolving Facility**", and together with the New Term Loan, the "**New Facilities**"). The New Term Loan will have an amortisation of £15 million per annum, which the Group may elect to waive once during the five-year term. The New Facilities Agreement is governed by English law and is conditional upon Admission, and repayment and cancellation of the facilities under the Senior Facilities Agreement and the Revolving Credit Agreement before or on the date of first utilisation (the "**Closing Date**"), and customary closing conditions. Each of the New Term Loan and the New Revolving Facility will mature on the date falling five years from the Closing Date.

The funds available under the New Term Loan will be used to (i) refinance existing debt and paying any related costs: (ii) payment of fees, costs and expenses incurred by the Group in connection with Admission; and (iii) any general corporate purposes of the Group, to the extent specified in the funds flow. The New Revolving Facility

will be made available for general corporate purposes and working capital purposes of the Group and can be utilised by way of loans, letters of credit, bank guarantees, performance bonds or ancillary facilities. The New Facilities Agreement contains certain covenants customary for a listed entity, including certain financial covenants.

For additional details on the New Facilities Agreement, see *Part 14*: "*Additional Information – Material contracts – New Facilities Agreement*" in this Prospectus.

Off Balance Sheet Arrangements

The Group does not engage in any off balance sheet financing arrangements.

Contractual Obligations and Committed Capital

The Group has various contractual obligations and commercial commitments to make future payments, including debt obligations and lease obligations.

The table below summarises the Group's contractual obligations as of 31 December 2014.

	Within one year	**From 1 to 3 years**	**From 3 to 5 years**	**More than 5 years**	**Total**
	(£'000)	**(£'000)**	**(£'000)**	**(£'000)**	**(£'000)**
Operating leases	6,880	9,300	5,154	21,454	42,788
Finance leases	—	—	—	—	—
Total	6,880	9,300	5,154	21,454	42,788

The Group's operating leases include leaseholds for buildings and a select number of plant and equipment leases relating to the Group's clay quarry operations. The Group's extraction related quarry equipment is subcontracted, but the Group's clay preparation work, which involves moving and transporting the clay from the clay stockpile to the clay prep building, relies on leased equipment for its operations.

Pension Obligations

United Kingdom

In the United Kingdom, the Group participates in the Ibstock Pension Scheme, a defined benefit pension scheme in the UK. As at 31 December 2014, a deficit of £68.9 million was reported under IAS 19. As part of the Bain Acquisition, a special deficit contribution of £60.0 million was made by the Group in February 2015 using funds provided by Bain Capital. The Group also previously paid a special deficit contribution of £2.8 million in January 2015. The Group agreed a revised payment schedule with the trustees of the Ibstock Pension Scheme in December 2014 so that the scheme's deficit can be eliminated. As well as normal cash contributions to the scheme of 16.0% of members' pensionable salaries, the Group has also committed to special cash payments of £7.0 million per annum. It is not expected that these payments will need to change once the latest actuarial valuation results are agreed.

As at 30 June 2015, the Ibstock Pension Scheme had an IAS19 deficit of £22.1 million.

United States

In the United States, the Group participates in two multi-employer defined benefit pension schemes, AB&GW and NIGPP. The Group's expected contributions to the AB&GW and NIGPP are $537,000 and $35,000, respectively, for the year ending December 2015. With respect to the AB&GW scheme, the contribution rates agreed to be paid by the Group include an element of rehabilitation funding with respect to the total plan deficit. Withdrawal liability for exit from the AB&GW and NIGPP schemes by the Group in 2014 was estimated at $16.8 million and $1.9 million, respectively. The Directors currently do not have any plans on withdrawing from either scheme.

With respect to the AB&GW scheme, a liability has been recognised of £7.3 million for future committed contribution amounts as at 30 June 2015 and for all periods presented, with an associated recognised deferred tax asset of £2.9 million. With respect to the NIGPP scheme, based on the contribution rates and total withdrawal

liability for exit from the NIGPP plan, the Directors have determined that any present obligation arising from the plan is immaterial. As a result, as at 30 June 2015, the AB&GW and NIGPP schemes had a combined IAS19 liability of £7.3 million.

Provisions

The following table provides a breakdown of the Group's provisions for other risks as of the dates indicated.

	Year ended 31 December			Six months ended 30 June
	2012	**2013**	**2014**	**2015**
	(£'000)	**(£'000)**	**(£'000)**	**(£'000)**
Restoration and dilapidations	3,581	3,179	4,129	10,849
Restructuring	1,510	1,435	1,571	153
Other	1,894	1,607	1,106	1,511
Total	6,985	6,221	6,806	12,513

Dividend Policy

The Directors intend to adopt a dividend policy based on a payout ratio of 40 to 50% of adjusted profit after tax over a business cycle. This dividend policy will reflect the underlying earnings and growth of the business and the cash conversion of the Group. Assuming that there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend.

The current intention of the Board is that the first dividend to be declared by the Company following Admission will be the final dividend in respect of the year ended 31 December 2015, which is expected to be paid around May 2016. The Company may revise its dividend policy from time to time. There are no guarantees that the Company will pay dividends or the level of any such dividends.

Quantitative and Qualitative Disclosure about Market Risk

The principal categories of market risk to which the Group is exposed are commodity price risk, credit risk, liquidity risk and interest rate risk.

Commodity Price Risk

The Group is subject to commodity price risks with respect to price changes mainly in the electricity and natural gas inputs. Price fluctuations on the Group's key inputs have a significant effect on its financial performance. The markets for most of these commodities are cyclical and are affected by factors such as the global economic conditions, changes in or disruptions to industry production capacity, changes in inventory levels and other factors beyond its control. The Group generally purchases natural gas and electricity at spot prices in the open market. However, the Group has also purchased energy in forward contracts in the United Kingdom, particularly for the winter production period, in order to increase certainty with respect to its pricing. For natural gas usage in the United States, the Group entered into hedging arrangements in the past but does not intend to do so in the near future. The Group intends to continue to monitor energy price indicators and may enter into additional forward contracts if it believes these will be favourable in comparison to its expectations of future prices in the open market or to provide the Group with more certainty with respect to energy prices over a particular period.

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Group's receivables from customers and credit sales. The Group has concentrations of credit risk as it receives a significant portion of its revenue from a limited number of customers. For example, during the year ended 31 December 2014, Ibstock Brick's top ten customers accounted for 61% of the revenue of Ibstock Brick. Likewise, Glen-Gery's top ten customers (all of which are distributors) accounted for 29% of its revenue, Forticrete's top ten customers accounted for 49% of its revenue and Supreme's top ten customers accounted for 50% of its revenue. In particular, Supreme provides concrete rail

products to Network Rail under a sole direct-supplier contract, which accounts for a significant portion of Supreme's revenue and contributes to Supreme's position in the market. In the event any customers are unable to pay against their trade receivable accounts, the Group could suffer from a decline in revenue and profitability. Although the Group has procedures to limit its exposure to credit risk from its distributors, the Group cannot guarantee that it will be able to limit its potential loss of revenue from distributors who are unable to pay against their trade receivable accounts. In particular, if global, regional or national economic conditions significantly deteriorate, there is a risk that its distributors in those markets may suffer from a weakened financial condition and be unable to pay against their trade receivable accounts.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in currency prices. The Group does not currently hedge its exposure to currency fluctuations. The table below shows the Group's exposure in different currencies of its financial assets and liabilities on the dates shown.

	£ (£'000)	US$ (£'000)	€ (£'000)	Total (£'000)
As at 31 December 2012				
Financial assets				
Cash and cash equivalents	25,960	14	1,707	27,681
Trade and other receivables	206,683	7,692	54	214,429
	232,643	7,706	1,761	242,110
Financial liabilities				
Borrowings	985	—	—	985
Trade and other payables	41,340	28,251	3,709	73,300
Provisions	4,325	2,660	—	6,985
	46,650	30,911	3,709	81,270

	£ (£'000)	US$ (£'000)	€ (£'000)	Total (£'000)
As at 31 December 2013				
Financial assets				
Cash and cash equivalents	14,153	13	99	14,265
Trade and other receivables	250,797	8,252	190	259,239
	264,950	8,265	289	273,504
Financial liabilities				
Borrowings	—	—	—	—
Trade and other payables	53,722	30,588	607	84,917
Provisions	3,925	2,296	—	6,221
	57,647	32,884	607	91,138

	£ (£'000)	US$ (£'000)	€ (£'000)	Total (£'000)
As at 31 December 2014				
Financial assets				
Cash and cash equivalents	53,382	21	593	53,996
Trade and other receivables	48,955	9,369	339	58,663
	102,337	9,390	932	112,659
Financial liabilities				
Borrowings		—	—	—
Trade and other payables	55,304	20,737	2,521	78,562
Provisions	4,622	2,184	—	6,806
	59,926	22,921	2,521	85,368

	£	US$	€	Total
	(£'000)	(£'000)	(£'000)	(£'000)
As at 30 June 2015				
Financial assets				
Cash and cash equivalents	30,680	2,969	38	33,687
Trade and other receivables	64,859	11,856	714	77,429
	95,539	14,825	752	111,116
Financial liabilities				
Borrowings	407,245	—	—	407,245
Trade and other payables	59,752	8,496	1,401	69,649
Provisions	8,055	777	—	8,832
	475,052	9,273	1,401	485,726

Interest Rate Risk

The Group's bank borrowings incur variable interest rate charges linked to LIBOR plus a margin dependent on the Group's net debt ratio. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial covenants and business plan.

Critical Accounting Policies and Estimates

A summary of the Group's significant accounting policies is contained in the Notes in *Part 11*: "*Historical Financial Information*". The preparation of the combined and consolidated financial statements requires assumptions and estimates to be made which have an effect on the carrying amounts of recognised assets and liabilities, income and expenses and contingent liabilities. The assumptions and estimates mainly relate to the determination of the entities to be included in consolidation, asset impairment testing, and the uniform Group calculation of useful lives for property, plant and equipment. The assumptions and estimates are based on parameters which are derived from the information available at the time. In particular, the circumstances prevailing at the time of preparing the combined and consolidated financial statements and assumptions regarding the realistic future development of the business environment are used to estimate the Group's future business performance. Where these conditions develop differently than assumed and beyond the control of management, the actual figures may differ from those anticipated.

The key assumptions concerning future and other key sources of estimating uncertainties as of the reporting date which entail a significant risk of a material adjustment to the carrying amounts of assets and liabilities having to be made within the next fiscal year are explained below.

Clay Reserves

Following the Bain Acquisition on 26 February 2015, the Group's clay reserves were recorded at their fair value. The determination of the fair values requires judgement and is based on specialised valuations, which are based on the expected future usage of those reserves.

Depreciation

The Group has applied judgement in selecting the depreciation rates applied to depreciate tangible fixed assets, to depreciate tangible fixed assets over their useful economic lives. See Note 2 to *Part 11*: "*Historical Financial Information*".

Following the Bain Acquisition, tangible fixed asset values have been uplifted to fair value and useful economic lives reviewed and revised where appropriate.

Impairment of Goodwill, Intangibles, Assets and Fixed Assets

Impairment reviews in respect of goodwill and indefinite-lived intangible assets are performed at least annually. More regular reviews are performed on all non-current assets if events indicate that this is necessary. Examples of such triggering events would include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or negative cash flows.

The recoverable amount of each Cash Generating Unit ("**CGU**") is generally determined on the basis of value-in-use calculations, which require the use of cash flow projections based on approved financial budgets, looking forward up to five years. Management determines the budgeted profit margin based on past performance and its expectations for the market's development. Cash flows are extrapolated using estimated growth rates beyond a five-year period. The growth rates used do not exceed the long-term average growth rate for the CGU's markets. The discount rates used reflect the CGU's pre-tax weighted average cost of capital ("**WACC**").

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could affect the Group's impairment evaluation and hence reported assets and profits or losses. Further details, including a sensitivity analysis, are included in Note 12 *Intangible assets* to *Part 11*: "*Historical Financial Information*".

Post-employment Benefit Obligations

The Group's accounting policy for defined benefit pension schemes requires management to make judgements as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme. For defined benefit schemes, management is required to make annual estimates and assumptions about future returns on classes of scheme assets, future remuneration changes, employee attrition rates, administrative costs, changes in benefits, inflation rates, life expectancy and expected remaining periods of service of employees. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs from these estimates, actuarial gains and losses are recognised directly in equity.

Details of assumptions and their relevant sensitivity analysis are given in Note 21 *Post-employment benefit obligations* to *Part 11*: "*Historical Financial Information*".

Income Taxes

The Group has exercised judgement in determining the provision for income taxes. Judgement is required when determining probable future taxable profits. The Group assesses the availability of future taxable profits using the same non-discounted five-year forecasts for the Group's operations as are used in the Group's value in use calculations. Where tax losses are forecast to be recovered beyond the five-year period, the availability of taxable profits is assessed using the cash flows and long-term growth rates used for the value in use calculations.

Changes in the assumptions which underpin the Group's forecasts may have an impact on the amount of future taxable profits and the carrying value of such deferred tax assets in future periods.

Secondly, the Group is subject to income taxes in a number of jurisdictions. Some degree of estimation is required in determining the worldwide provision for income taxes. To the extent that the final outcome differs from the tax that has been provided, adjustments will be made to current income tax and deferred tax provisions held in the period the determination is made.

The Group only considers substantively enacted tax laws when assessing the amount and availability of tax losses to offset against the future taxable profits. The Group's tax rate in the United Kingdom will be reduced by 1% to 19% from April 2017 and is expected to be 18% by 2020. The Group expects that its federal tax rate in the United States will continue at approximately 35% (exclusive of state taxes). The overall effective tax rate for the Group in 2016 is expected to be approximately 20%.

See Note 10 *Taxation* to *Part 11*: "*Historical Financial Information*".

PART 10
CAPITALISATION AND INDEBTEDNESS

Capitalisation and indebtedness

The table below sets out the capitalisation and indebtedness of the Group as at 30 June 2015. The information for capitalisation has been extracted without material adjustment from the Group's financial information included in *Part 11:* "*Historical Financial Information*" as at 30 June 2015.

	As at 30 June 2015
	£'000
Total current debt	**—**
Guaranteed	—
Secured	—
Unguaranteed/Unsecured	—
Total non-current debt (excluding current portion of long-term debt)	407,245
Guaranteed	286,118
Secured	121,127
Unguaranteed/Unsecured	—
Total shareholders' equity	87,720
Share capital	90
Share premium	10,514
Other reserves	77,116
Total capitalisation	494,965

Save as disclosed below, there has been no material change in the Group's capitalisation since 30 June 2015.

The Senior Facilities, a guaranteed loan, has been reduced by the repayment of interest of £11.2 million, offset by two months accrued interest of £5.1 million.

With respect to the secured debt, the Revolving Credit Facility has been reduced by the repayment of £16.3 million loan capital and interest, offset by two months' interest accrual of £0.4 million on the Revolving Credit Facility and £1.0 million and £0.9 million of accrued interest on the Shareholder Loan Notes and Preference Shares, respectively.

Net indebtedness

The following table sets out the net indebtedness of the Group as at 31 August 2015.

	As at 31 August 2015
	£'000 Unaudited
Current Debt	
Cash	30,453
Cash equivalents	—
Liquidity	—
Current Financial Receivable	—
Other current financial debt	—
Net Current Financial Indebtedness	**30,453**
Non-current bank loans	(387,173)
Other non-current loans	—
Non-current Financial Indebtedness	**(387,173)**
Net Financial Indebtedness	**(356,720)**

The information as at 31 August 2015 is unaudited. The statement of indebtedness has been extracted without material adjustment from the management accounts, which have been prepared using policies that are consistent with those used in preparing the historical financial information as disclosed in *Part 11*: "*Historical Financial Information*".

PART 11
HISTORICAL FINANCIAL INFORMATION

SECTION A – ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION

The Directors
Ibstock plc
Leicester Road
Ibstock
Leicestershire
LE67 6HS

22 October 2015

Dear Sirs

IBSTOCK BUSINESS

We report on the financial information of the Ibstock Business for the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015 as set out in Section B of this *Part 11* (the "Historical Financial Information"). The Ibstock Business is defined in Note 1 of the Historical Financial Information. The Historical Financial Information has been prepared for inclusion in the prospectus dated 22 October 2015 of Ibstock plc on the basis of the accounting policies set out in Note 2 to the Historical Financial Information. This report is required by item 20.1 of Annex I of Commission Regulation (EC) 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) 809/2004, consenting to its inclusion in the prospectus.

We have not audited or reviewed the financial information for the six months ended 30 June 2014 and accordingly do not express an opinion thereon.

Responsibilities

The Directors of Ibstock plc are responsible for preparing the financial information on the basis of preparation set out in Note 2 to the Historical Financial Information.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Basis of opinion

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

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

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the prospectus dated 22 October 2015, a true and fair view of the state of affairs of the Ibstock Business as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) 809/2004

Yours faithfully

Ernst & Young LLP

SECTION B: HISTORICAL FINANCIAL INFORMATION

COMBINED AND CONSOLIDATED INCOME STATEMENTS

	Note	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
		£'000	£'000	£'000	£'000	£'000
Revenue	4	277,950	317,218	373,233	181,552	203,373
Cost of sales before exceptional items		(209,932)	(234,768)	(255,333)	(128,216)	(127,254)
Gross profit before exceptional items		68,018	82,450	117,900	53,336	76,119
Exceptional cost of sales	5	—	—	—	—	(15,430)
Gross profit		68,018	82,450	117,900	53,336	60,689
Distribution costs		(27,720)	(32,238)	(34,601)	(17,234)	(17,158)
Administrative expenses before exceptional items		(31,457)	(33,310)	(37,922)	(16,108)	(20,791)
Other administrative exceptional items	5	(4,740)	(4,349)	(5,355)	(2,274)	(11,843)
Net administrative expenses		(36,197)	(37,659)	(43,277)	(18,382)	(32,634)
Negative goodwill on acquisition	5	—	—	—	—	127,590
Profit/(loss) on disposal of property, plant and equipment	13/14	7,800	(58)	492	(6)	(83)
Other income		3,403	3,764	3,709	1,683	1,762
Other expenses		(885)	(799)	(1,051)	(431)	(435)
Operating profit	6	14,419	15,460	43,172	18,966	139,731
EBITDA before exceptional items		29,092	37,091	64,993	29,816	51,824
Less/add exceptional items	5	(4,740)	(4,349)	(5,355)	(2,274)	100,317
Less/add profit/(loss) on disposal of property, plant and equipment	13/14	7,800	(58)	492	(6)	(83)
Less depreciation and amortisation		(17,733)	(17,224)	(16,958)	(8,570)	(12,327)
Operating profit		14,419	15,460	43,172	18,966	139,731
Finance costs	8	(4,821)	(3,526)	(4,364)	(1,706)	(53,747)
Finance income	9	3,889	2,421	1,948	10	166
Net finance cost		(932)	(1,105)	(2,416)	(1,696)	(53,581)
Profit before taxation		13,487	14,355	40,756	17,270	86,150
Taxation	10	(2,371)	(4,598)	(7,397)	(3,451)	5,264
Profit for the financial period		11,116	9,757	33,359	13,819	91,414

COMBINED AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
		£'000	£'000	£'000	£'000	£'000
Profit for the financial period		11,116	9,757	33,359	13,819	91,414
Other comprehensive income/ (expense):						
Items that will not be reclassified to the profit or loss						
Remeasurement of post employment benefit assets and obligations	21	18,666	18,470	(31,814)	(2,956)	(15,808)
Related tax movements	10	(4,752)	(5,456)	6,363	591	3,162
		13,914	13,014	(25,451)	(2,365)	(12,646)
Items that may be subsequently reclassified to profit or loss						
Currency translation differences		(1,826)	(794)	2,265	(973)	(1,277)
		(1,826)	(794)	2,265	(973)	(1,277)
Other comprehensive income/ (expense) for the period net of tax		12,088	12,220	(23,186)	(3,338)	(13,923)
Total comprehensive income for the period, net of tax		23,204	21,977	10,173	10,481	77,491

COMBINED AND CONSOLIDATED BALANCE SHEETS

	Note	31 December 2012	31 December 2013	31 December 2014	30 June 2015
		£'000	£'000	£'000	£'000
Assets					
Non-current assets					
Goodwill	12	700	694	708	—
Other intangible assets	12	91	70	53	130,827
Property, plant and equipment	13	234,802	227,390	204,881	342,058
Deferred tax assets	22	917	—	—	—
Trade and other receivables	16	4,000	—	9,000	9,000
		240,510	228,154	214,642	481,885
Current assets					
Inventories	15	70,466	64,471	73,050	79,480
Trade and other receivables	16	214,971	263,781	53,234	71,853
Cash and cash equivalents	17	27,681	14,265	53,996	33,687
		313,118	342,517	180,280	185,020
Non-current assets held for sale	14	—	3,297	—	—
		313,118	345,814	180,280	185,020
Total assets		553,628	573,968	394,922	666,905
Current liabilities					
Trade and other payables	18	(74,858)	(87,715)	(83,374)	(71,990)
Derivative financial instrument	23	—	—	(481)	(325)
Borrowings	20	(985)	—	—	—
Current tax liabilities		(3,128)	(4,077)	(6,346)	(1,335)
		(78,971)	(91,792)	(90,201)	(73,650)
Net current assets		234,147	254,022	90,079	111,370
Total assets less current liabilities		474,657	482,176	304,721	593,255
Non-current liabilities					
Trade and other payables	18	(859)	(645)	(429)	(4,321)
Borrowings	20	—	—	—	(407,245)
Post-employment benefit obligations	21	(62,638)	(44,088)	(76,269)	(29,434)
Deferred tax liabilities	22	—	(4,490)	(1,096)	(52,022)
Provisions	19	(6,985)	(6,221)	(6,806)	(12,513)
		(70,482)	(55,444)	(84,600)	(505,535)
Net assets		404,175	426,732	220,121	87,720
Equity					
Share capital	24	—	—	—	90
Share premium		—	—	—	10,514
Invested capital		404,175	426,732	220,121	—
Retained earnings		—	—	—	78,184
Other reserves	33	—	—	—	(1,068)
Total equity		404,175	426,732	220,121	87,720

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Invested capital	Retained earnings	Other reserves (see Note 33)	Total equity/ (deficit) attributable to owners
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2012	—	—	380,471	—	—	380,471
Profit for the year	—	—	11,116	—	—	11,116
Other comprehensive income	—	—	12,088	—	—	12,088
Total comprehensive income	—	—	23,204	—	—	23,204
Share based payments	—	—	485	—	—	485
Deferred tax on share based payments	—	—	15	—	—	15
Transactions with owners	—	—	500	—	—	500
Balance at 31 December 2012	—	—	404,175	—	—	404,175
Profit for the year	—	—	9,757	—	—	9,757
Other comprehensive income	—	—	12,220	—	—	12,220
Total comprehensive income	—	—	21,977	—	—	21,977
Share based payments	—	—	483	—	—	483
Deferred tax on share based payments	—	—	97	—	—	97
Transactions with owners	—	—	580	—	—	580
Balance at 31 December 2013	—	—	426,732	—	—	426,732
Profit for the period	—	—	13,819	—	—	13,819
Other comprehensive expense	—	—	(3,338)	—	—	(3,338)
Total comprehensive income	—	—	10,481	—	—	10,481
Share based payments	—	—	402	—	—	402
Deferred tax on share based payments	—	—	38	—	—	38
Transactions with owners	—	—	440	—	—	440
Balance at 30 June 2014	—	—	437,653	—	—	437,653
Profit for the period	—	—	19,540	—	—	19,540
Other comprehensive expense	—	—	(19,848)	—	—	(19,848)
Total comprehensive expense	—	—	(308)	—	—	(308)
Capital contribution	—	—	9,000	—	—	9,000
Deferred tax on capital contribution	—	—	(1,800)	—	—	(1,800)
Share based payments	—	—	402	—	—	402
Deferred tax on share based payments	—	—	37	—	—	37
Dividends paid	—	—	(224,863)	—	—	(224,863)
Transactions with owners	—	—	(217,224)	—	—	(217,224)
Balance at 31 December 2014	—	—	220,121	—	—	220,121
Loss for the period	—	—	(2,147)	—	—	(2,147)
Other comprehensive income	—	—	2,474	—	—	2,474
Dividends paid	—	—	(22,000)	—	—	(22,000)
Total comprehensive income	—	—	198,448	—	—	198,448
Share based payments	—	—	(511)	—	—	(511)
Deferred tax on share based payments	—	—	(111)	—	—	(111)
Contributions from former parent	—	—	19,840	—	—	19,840
Transactions with owners	—	—	19,218	—	—	19,218
Eliminated on acquisition	—	—	(218,965)	—	—	(218,965)
Transfer to retained earnings	—	—	1,299	(1,299)	—	—
Balance at 26 February 2015	—	—	—	(1,299)	—	(1,299)
Profit for the period	—	—	—	93,561	—	93,561
Other comprehensive expense	—	—	—	(14,221)	(2,177)	(16,398)
Total comprehensive income / (expense)	—	—	—	78,041	(2,177)	75,864
Issued share capital	90	10,514	—	—	—	10,604
Share based payments	—	—	—	215	—	215
Deferred tax on share based payments	—	—	—	(72)	—	(72)
Contingent consideration on acquisition	—	—	—	—	1,109	1,109
Transactions with owners	90	10,514	—	143	1,109	11,856
Balance at 30 June 2015	90	10,514	—	78,184	(1,068)	87,720

COMBINED AND CONSOLIDATED CASH FLOW STATEMENTS

	Note	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
		£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities						
Profit before taxation		13,487	14,355	40,756	17,270	86,150
Adjustments for:						
Depreciation of property, plant and equipment		17,725	17,204	16,938	8,560	10,150
Amortisation of intangible assets		8	20	20	10	2,177
Negative goodwill on acquisition		—	—	—	—	(127,590)
Unwind of inventory fair value	5	—	—	—	—	15,430
Finance costs		932	1,105	2,416	1,696	53,581
(Profit)/loss on disposal of property, plant and equipment		(7,800)	58	(492)	6	83
Share based payments		485	483	804	402	977
Settlement of employee share options		—	—	—	—	(1,274)
Deferred income		(215)	(215)	(215)	(108)	(108)
Post-employment benefits		(1,656)	(1,787)	(1,118)	(315)	(2,902)
		22,966	31,223	59,109	27,521	36,674
(Increase)/decrease in inventory		(1,619)	6,152	(8,695)	(4,158)	(6,142)
Decrease/(increase) in debtors		1,002	(15,685)	2,784	(16,537)	(19,439)
Increase/(decrease) in creditors		7,823	10,005	5,750	7,975	1,378
Increase/(decrease) in provisions		994	(744)	577	(728)	(1,240)
Cash generated from operations		31,166	30,951	59,525	14,073	11,231
Interest paid		(1,862)	(1,812)	(2,156)	(1,033)	(123)
Tax paid		(1,476)	(916)	(1,779)	(1,778)	(6,355)
Net cash generated from operating activities		27,828	28,223	55,590	11,262	4,753
Cash flows from investing activities						
Purchase of property, plant and equipment	13	(21,556)	(14,306)	(4,161)	(1,986)	(2,492)
Proceeds from sale of property plant and equipment		4,124	2,603	20,065	6	11
Acquisition of subsidiaries		(561)	—	—	—	—
Payment to former parent for the acquisition		—	—	—	—	(372,853)
Interest received		1,008	108	20	10	10
Net cash (outflow)/inflow from investing activities		(16,985)	(11,595)	15,924	(1,970)	(375,324)
Cash flows from financing activities						
Proceeds from issuance of equity shares		—	—	—	—	10,604
Net transactions with previous owners		2,240	(29,060)	193,082	3,182	6,863
Dividends paid to former parent		—	—	(224,863)	—	(22,000)
Drawdown of borrowings		—	—	—	—	369,000
Debt issue costs		—	—	—	—	(14,205)
Net cash inflow/(outflow) from financing activities		2,240	(29,060)	(31,781)	3,182	350,262
Net increase/(decrease) in cash and cash equivalents		13,083	(12,432)	39,733	12,474	(20,309)
Cash and cash equivalents at beginning of the period		13,614	26,696	14,265	14,265	53,996
Exchange gains/losses on cash and cash equivalents		(1)	1	(2)	(2)	—
Cash and cash equivalents at end of period		26,696	14,265	53,996	26,737	33,687

Non-cash movements relate to fair values recognised on acquisition and the respective unwind of fair values during the period. See Business Combinations note 25.

1. General Information

Ibstock plc was incorporated on 3 September 2015 to serve as the holding Company of Figgs Topco Limited and its subsidiaries for the purposes of listing on the London Stock Exchange.

Figgs Topco Limited (the 'Company') is a Company incorporated and domiciled in the United Kingdom, and the address of the registered office is Devonshire House, 1 Mayfair Place, London, W1J 8AJ. The Company and its subsidiaries together form the 'Group'.

On 26 February 2015, wholly-owned subsidiaries of the Company acquired all of the shares of Ibstock Group Limited and Glen-Gery Corporation (the 'Acquisition') from CRH plc (the 'former Parent undertaking').

The 'Ibstock Business' consists of Ibstock Group Limited, Glen-Gery Corporation and their subsidiaries, for the period prior to 26 February 2015 and the Group from 26 February 2015.

A list of subsidiaries and their countries of incorporation is presented in note 28.

2. Summary of significant accounting policies

Basis of preparation

Ibstock Group Limited and Glen-Gery Corporation were entities under common control as they were owned by CRH plc prior to the Acquisition. However, since the Company did not control Ibstock Group Limited and Glen-Gery Corporation prior to 26 February 2015, the Company is not permitted by IFRS 10 'Consolidated financial statements' to present consolidated financial information incorporating the results of these entities prior to that date.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Therefore, the historical financial information is prepared on a combined basis as described below prior to 26 February 2015 and on a consolidated basis from 26 February 2015 which reflects the following:

For the years ended 31 December 2012, 31 December 2013 and 31 December 2014 and for the six month period ended 30 June 2014

During these periods the entities combined do not constitute a separate legal Group and therefore consolidated accounts within the meaning of IFRS cannot be prepared. Therefore, the historical financial information, which has been prepared specifically for the purpose of this Prospectus, is prepared on a basis that combines the results, assets and liabilities for these periods of the following:

1) the combined financial statements of the Ibstock Business (which were under the common control of CRH plc); and

2) the consolidated financial statements of Figgs Topco Limited (for the periods in which those entities existed).

For the six month period ended 30 June 2015

For the period prior to 26 February 2015 the financial information is prepared on the same basis as outlined above for the preceding periods. For the period from 26 February 2015 through to 30 June 2015 the financial information is based on the consolidated financial statements of the Group. The results for the six months to 30 June 2015 are therefore based on an aggregation of these two periods, noting that the assets and liabilities of the Ibstock Business were fair valued as part of the business combination as at 26 February 2015, which impacts the subsequent earnings after this date.

The historical financial information is prepared for the purposes of inclusion in the Prospectus of Ibstock plc dated 22 October 2015 in compliance with item 20.1 of Annex 1 of the Commission Regulation (EC) 809/2004,

the United Kingdom Listing Rules and in accordance with this basis of preparation. These financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), except as noted below.

IFRS does not provide for the preparation of combined and consolidated financial information and, accordingly, in preparing the combined and consolidated financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars, as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board, have been applied. The application of these conventions results in the following material departures from IFRS. In other respects IFRS has been applied.

– As explained above, the historical financial information is not prepared for all periods presented on a consolidated basis and therefore does not comply with the requirements of IFRS 10.

– Prior to the Acquisition on 26 February, the historical financial information does not constitute a set of general purpose financial statements under paragraph 2 of IAS 1 'Presentation of Financial Statements' and consequently there is no explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 16 of IAS 1.

– Earnings per share is not disclosed as required by IAS 33 'Earnings Per Share' as the historical financial information has not been prepared on a consolidated basis throughout the periods presented (as further explained in note 11).

As a result of the basis of preparation adopted, the financial information for the periods reported is not directly comparable to each other in the following respects:

The accounting for the Acquisition in accordance with IFRS 3 'Business combinations' at 26 February 2015 results in the recognition of fair value adjustments as set out in note 12. Therefore, the measurement of assets and liabilities of the Group are not directly comparable subsequent to this date. In addition, depreciation in relation to property, plant and equipment fair value uplifts, amortisation charges in relation to intangible assets and unwind of inventory fair value uplifts through cost of sales are not comparable to previous periods.

The directors review the results of the business before the impact of management fees, share based payments and certain pension costs, the latter only in respect of the Glen-Gery Corporation Salaried Employee's Pension Plan, the Glen-Gery Corporation Hourly Employees' Pension Plan and the Glen-Gery Corporation Supplemental Executive Retirement Plan (together, the 'US pension plans not retained') as these were retained by the former parent. In the historical financial information for the 3 year period ended 31 December 2014, these costs relate to fees and charges associated with the former parent and would not recur post-acquisition on the same basis, and therefore these costs are regarded as non-recurring in nature and treated as exceptional. In the period ended 30 June 2015 such costs have been treated as exceptional costs for consistency with the historical presentation and to present how the directors continue to review the results of the new Group. The related liabilities in respect of the US pension plans not retained were never pushed down to the financial records of Glen-Gery Corporation by the former parent and therefore have not been included in the combined historical financial information. It is the directors view that this best reflects the underlying financial information in the books and records of Glen-Gery Corporation in the combined historical financial information.

Transition to IFRS

The Group has not previously prepared or reported any combined or consolidated financial information in accordance with any other generally accepted accounting principles ('GAAP'). Consequently, it is not possible to provide IFRS 1 'First-time Adoption of International Financial Reporting Standards' reconciliations between financial information prepared under any previous GAAP and the financial information prepared in accordance with this basis of preparation included in the historical financial information, as required by IFRS 1 on transition to IFRS. In addition, no combined balance sheet at 1 January 2012 has been presented.

These are the Group's first financial statements prepared in accordance with this basis of preparation. The Group's deemed transition date to IFRS is 1 January 2012. The accounting policies set out in note 2 have been applied in preparing the combined and consolidated financial information for the six month period ended 30 June 2015 with comparative information presented on a basis as described above in these financial statements for the

years ended 31 December 2012, 31 December 2013, 31 December 2014 and for the six month period ending 30 June 2014. Set out below are the applicable IFRS 1 exemptions and exceptions applied:

IFRS exemption options

Exemption for business combinations

IFRS 1 provides the option to apply IFRS 3 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. Business combinations occurring prior to the transition date have not been restated.

Election to carry goodwill at deemed cost

IFRS 1 provides the option to measure certain intangible assets at a prior valuation at the opening balance sheet date. Goodwill on acquisitions prior to 1 January 2012 was frozen as at that date and is subject to annual impairment review in accordance with IAS 36 'Impairment of assets'.

Exemption relating to borrowing costs

IAS 23 'Borrowing costs' requires borrowing costs that relate to qualifying assets to be capitalised as part of the cost of the asset. IFRS 1 provides the option to apply IAS 23 from the date of transition or from an earlier date prospectively to borrowing costs for which the commencement date for capitalisation is on or after the date of transition to IFRSs. The Group has elected to capitalise borrowing costs from the date of transition.

Exemption relating to deemed cost

IFRS 1 provides the option to use a previous GAAP revaluation of an item of property, plant and equipment at or before the transition date as deemed cost at the date of the revaluation, if the revaluation was at that date broadly comparable to fair value. Mineral reserves have been included at a deemed cost based on a previous GAAP revaluation.

IFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1 applied.

IFRS estimates as at 1 January 2012 are consistent with the estimates as at the same date made in conformity with local GAAP.

The compulsory exceptions of IFRS 1 have not been applied as these are not applicable to the Group:

– Derecognition of financial assets and financial liabilities

– Hedge accounting

– Non-controlling interests

– Government loans

Basis of combination

The combined historical financial information of the Ibstock Business consists of the combination of the accounts of the Ibstock Business acquired on 26 February 2015 as described in the basis of preparation section above.

Going concern

The Group regularly reviews market and financial forecasts, and has reviewed its trading prospects in its key markets. As a result it believes its trading performance will demonstrate continued improvement in the coming periods, and that liquidity will remain strong.

The Board has reviewed the latest forecasts of the Group and considered the obligations of the financing arrangements. Given the continued strong liquidity of the Group the Board has concluded that a going concern basis of preparation of its financial statements is appropriate.

New standards, amendments and interpretations

A number of new standards and amendments to standards and interpretations are effective for periods beginning after 1 January 2015, and have not been applied in preparing these combined and consolidated financial statements. None of these are expected to have a significant effect on the combined and consolidated financial statements of the Group, except IFRS 15, 'Revenue from contracts with customers' which deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Group is assessing the impact of IFRS 15.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The CODM reviews the key profit measure, 'Adjusted EBITDA' disaggregated by UK and US.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The combined and consolidated financial statements are presented in 'sterling' (£), which is the Group's presentation currency.

Post acquisition, the results of subsidiaries with a functional currency that is not 'sterling' have been translated into 'sterling' with the currency translation difference recorded in other reserves within equity.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Borrowing costs

Borrowing costs are expensed as incurred, except for interest directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use, in which case they are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalised up to the date when the project is completed and ready for its intended use.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined at the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the

expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing cost incurred during that period. Other borrowing costs are recognised as expenses when incurred.

Property, plant and equipment

Management chose the cost basis under IAS 16 'Property, plant and equipment', rather than to apply the alternative (revaluation) treatment to all items of property, plant and equipment as its ongoing accounting policy. The cost of property, plant and equipment includes directly attributable costs.

As part of the acquisition on 26 February 2015 the fair value of assets acquired and liabilities assumed, the useful economic life of the assets acquired were reassessed to allocate the depreciable amount of the asset on a systematic basis over its useful life. Land is not depreciated. Where the expectations differ from previous estimates, the changes have been accounted for prospectively as a change in an accounting estimate in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.

Depreciation is provided on the cost of all other assets (except assets in the course of construction), so as to write off the cost, less residual value, on a straight-line basis over the expected useful economic life of the assets concerned, as follows:

Freehold buildings	20 - 50 years
Plant, machinery and equipment	10 - 40 years
Mineral reserves	Amortised on a usage basis

Exploration expenditure relates to the initial search for deposits with economic potential and is not capitalised. Evaluation expenditure relates to a detailed assessment of deposits or other projects that have been identified as having economic potential and in obtaining permissions to extract clay. Capitalisation of evaluation expenditure within 'Mineral reserves' commences when there is a high degree of confidence that the Group will determine that a project is commercially viable, i.e. the project will provide a satisfactory return relative to its perceived risks, and therefore it is considered probable that future economic benefits will flow to the Group.

Mineral reserves may be declared for an undeveloped project before its commercial viability has been fully determined. Evaluation costs may continue to be capitalised during the period between declaration of reserves and approval to extract clay as further work is undertaken in order to refine the development case to maximise the project's returns.

The carrying values of capitalised evaluation expenditure are reviewed for impairment by management. Mineral reserves are amortised on a usage basis.

Useful lives and residual values are reviewed at each balance sheet date and revised where expectations are significantly different from previous estimates. In such cases, the depreciation charge for current and future periods is adjusted accordingly.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, negative goodwill arises, this is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Brands and customer relationships

Separately acquired brands and non-contractual customer relationships are shown at historical cost. Brands and customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brands and customer relationships over their estimated useful lives of ten to fifty years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

Impairment of non-financial assets

Assets that are subject to amortisation such as brands and non-contractual customer relationships are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Non-current assets held for sale

Non-current assets (or disposal Groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise they are classified as non-current.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 16 and 17 respectively).

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through

profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Contingent consideration

An estimation of the fair value is made for contingent consideration in accordance with IFRS 3 at the time of a business combination. Where there is a contractual obligation to settle the liability in cash based on events outside the Company's control this is accounted for as a financial liability and subsequent changes to contingent consideration are recognised in the income statement. Otherwise contingent consideration is accounted for as a credit to equity within other reserves.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables and goods for resale are recognised on an average cost basis, while work in progress and finished goods are held at direct cost and an appropriate proportion of production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Cash and cash equivalents

In the combined and consolidated balance sheets, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the combined and consolidated balance sheets, bank overdrafts are shown within borrowings in current liabilities.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. All other costs are expensed as incurred. Borrowings are subsequently carried at amortised cost; any difference between

the fair value initially recognised and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The effective interest method takes into account estimations of future cash flows associated with the instrument. Management are required to re-assess these estimates at each reporting date and where the expectations of the nature and timing of cash flows change a one-off adjustment is required to alter the carrying value of the instrument in accordance with those new expectations.

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

Interest on borrowings is treated as an expense in the income statement, with the exception of interest costs incurred on the financing of major projects, which are capitalised within property, plant and equipment.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The restoration provision is to fund future obligations at a number of sites that the Group is associated with and where the Group are legally contracted to restore once it has fully utilised the site. The restructuring provision covers current and former employees who have ceased working on grounds of ill health and is a liability payable to their normal retirement date. Other provisions relate to provisions for sites used for landfill and for onerous contracts to cover the exposure that the Group has for both current property leases where the rent being paid is significantly higher than the current market rents and also vacant properties. All of these provisions are discounted on an annual basis.

Revenue

Revenue represents the fair value of consideration receivable for goods and services supplied by the Group, exclusive of local sales tax and trade discounts and after eliminating sales within the Group. All of revenue is attributable to the principal activities of the Group being the manufacture and sale of concrete products, clay facing bricks and associated special shaped and fabricated clay products.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually on despatch of goods. For 'bill and hold' sales, in which delivery is delayed at the buyer's request but the buyer takes title and accepts billing, revenue is recognised when the buyer takes title, provided: (a) it is probable that delivery will be made, (b) the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised, (c) the buyer specifically acknowledges the deferred delivery instructions and (d) the usual payment terms apply. Revenue is not recognised when there is simply an intention to acquire or manufacture the goods in time for delivery.

Other income

Other income is attributable to rental income from properties, landfill and gas activity. Other expenses represents associated expenses. This is not deemed to be a principal activity of the Group.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this

case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (note 20). Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share based payments

The Group operates a number of equity-settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (for example options or shares) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the instruments granted:

– including any market performance conditions (for example, an entity's share price);

– excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

– including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

At the end of each reporting period, the Group revises its estimates of the number of instruments that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

For the equity-settled share based payment transactions, the fair value of the share instruments granted is derived from established option pricing models. Further details on share based payments are set out in note 26.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the historical financial information in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent for other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Mineral reserves

Mineral reserves were held at cost or deemed cost and were not subject to annual revaluations accordance with IAS 16 'Property, plant and equipment' for the year ending 31 December 2012, year ending 31 December 2013, 6 months ending 30 June 2014 and year ending 31 December 2014.

Following the acquisition by Figgs Topco Ltd on 26 February 2015, mineral reserves were recorded at their fair value. The determination of the fair values requires judgement and is based on specialised valuations which is based on the expected future usage of those reserves based on market participants view.

(ii) Depreciation

The Group has applied judgement in selecting the depreciation rates applied to depreciate property, plant and equipment, to depreciate tangible fixed assets over their useful economic lives (see note 2 in the historical financial information for further details).

Following the acquisition by Figgs Topco Ltd on 26 February 2015, property, plant and equipment values have been uplifted to fair value and useful economic lives reviewed and revised where appropriate.

(iii) Impairment of goodwill, intangibles assets and fixed assets

Impairment reviews in respect of goodwill are performed at least annually. Periodic reviews are performed on all non-current assets if events indicate that this is necessary. Examples of such triggering events would include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or negative cash flows.

The recoverable amount of each Cash Generating Unit ('CGU') is generally determined on the basis of value-in-use calculations, which require the use of cash flow projections based on approved financial budgets, looking forward up to five years. Management determines budgeted profit margin based on past performance and its expectations for the market's development. Cash flows are extrapolated using estimated growth rates beyond a five-year period. The growth rates used do not exceed the long-term average growth rate for the CGU's markets. The discount rates used reflect the CGU's pre-tax weighted average cost of capital ('WACC').

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could affect the Group's impairment evaluation and hence reported assets and profits or losses. Further details, including a sensitivity analysis, are included in note 12 'Intangible assets' to the financial information.

(iv) Post-employment benefit obligations

The Group's accounting policy for defined benefit pension schemes requires management to make judgements as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme. For defined benefit schemes, management is required to make annual estimates and assumptions about future returns on classes of scheme assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, life expectancy and expected remaining periods of service of employees. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in equity.

Details of assumptions and their relevant sensitivity analysis are given in note 21 'Post-employment benefit obligations' to the financial information.

(v) Income taxes

The Group has exercised judgement in the determining the provision for income taxes. Judgement is required when determining probable future taxable profits. The Group assesses the availability of future taxable profits using the same non-discounted five year forecasts for the Group's operations as are used in the Group's value in use calculations. Where tax losses are forecast to be recovered beyond the five year period, the availability of taxable profits is assessed using the cash flows and long-term growth rates used for the value in use calculations.

Changes in the assumptions which underpin the Group's forecasts may have an impact on the amount of future taxable profits and the carrying value of such deferred tax assets in future periods.

Secondly, the Group is subject to income taxes in a number of jurisdictions. Some degree of estimation is required in determining the worldwide provision for income taxes. To the extent that the final outcome differs from the tax that has been provided, adjustments will be made to current income tax and deferred tax provisions held in the period the determination is made.

The Group only considers substantively enacted tax laws when assessing the amount and availability of tax losses to offset against the future taxable profits.

(vi) Business combinations

When the Group completes a business combination, the fair values of the identifiable assets and liabilities acquired, including intangible assets and contingent liabilities, are recognised. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgement.

If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired then the difference is recorded as a gain in the income statement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

On transition to IFRS the Group elected not to apply IFRS 3, 'Business combinations', retrospectively as the difficulty in applying these requirements to the large number of business combinations completed by the Group from incorporation through to 1 January 2012 exceeded any potential benefits. Goodwill arising before the date of transition to IFRS amounted to £479,000. If the Group had elected to apply the accounting for business combinations retrospectively it may have led to an increase or decrease in goodwill and increase in brand names, customer contracts and relationships, mineral reserves, other intangibles and related deferred tax liabilities recognised on acquisition.

See note 25 ‘Business combinations’ to the financial statements for further details.

(vii) Estimate of payments and receipts within the effective interest method

IAS 39 ‘Financial instruments: Recognition and measurement’ requires the Group to initially measure ‘other financial liabilities’ at ‘fair value’ plus, in certain situations, transaction costs. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. After initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or Group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group shall estimate cash flows considering all contractual terms of the financial instrument, but shall not consider future credit losses. See note 20.

The estimate of payments and receipts is a critical estimate in the financial statements. Where the Group revises its estimates of payments or receipts, it shall adjust the carrying amount of the financial liability to reflect actual and revised estimated cash flows. The Group recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument’s original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

4. SEGMENT REPORTING

As explained in note 2, the management team considers the reportable segments to be the UK and the US. The key Group performance measure is EBITDA before exceptional items, as detailed below, which is profit before net finance cost, tax, exceptional items, depreciation and amortisation and other non-underlying items.

	Year ended 31 December 2012		
	UK £’000	US £’000	Total £’000
Total revenue from external customers	220,242	57,708	277,950
EBITDA before exceptional items	**25,221**	**3,871**	**29,092**
Management charge	(1,555)	(800)	(2,355)
Share based payments	(485)	—	(485)
Profit on disposal of fixed assets	7,800	—	7,800
Pension charges	—	(1,400)	(1,400)
Other adjusting items	(500)	—	(500)
EBITDA	30,481	1,671	32,152
Depreciation and amortisation	(13,159)	(4,574)	(17,733)
Net finance income/(costs)	15	(947)	(932)
Profit/(loss) before tax	17,337	(3,850)	13,487
Total assets	477,581	76,047	553,628
Total liabilities	(111,139)	(38,314)	(149,453)
Non-current assets			
Intangible assets	479	312	791
Property, plant and equipment	180,541	54,261	234,802
Total	181,020	54,573	235,593

	Year ended 31 December 2013		
	UK £'000	US £'000	Total £'000
Total revenue from external customers	254,901	62,317	317,218
EBITDA before exceptional items	**31,913**	**5,178**	**37,091**
Management charge	(1,392)	(845)	(2,237)
Share based payments	(483)	—	(483)
Loss on disposal of fixed assets	(58)	—	(58)
Pension charges	—	(1,629)	(1,629)
EBITDA	29,980	2,704	32,684
Depreciation and amortisation	(13,102)	(4,122)	(17,224)
Net finance income/(costs)	673	(1,778)	(1,105)
Profit/(loss) before tax	17,551	(3,196)	14,355
Total assets	491,703	82,265	573,968
Total liabilities	(99,372)	(47,864)	(147,236)
Non-current assets			
Intangible assets	480	284	764
Property, plant and equipment	176,673	50,717	227,390
Total	177,153	51,001	228,154

	Year ended 31 December 2014		
	UK £'000	US £'000	Total £'000
Total revenue from external customers	308,399	64,834	373,233
EBITDA before exceptional items	**57,905**	**7,088**	**64,993**
Management charge	(1,449)	(764)	(2,213)
Share based payments	(804)	—	(804)
Profit on disposal of fixed assets	492	—	492
Pension charges	—	(1,267)	(1,267)
Transaction costs	(571)	—	(571)
Other adjusting items	(500)	—	(500)
EBITDA	55,073	5,057	60,130
Depreciation and amortisation	(13,583)	(3,375)	(16,958)
Net finance income/(costs)	133	(2,549)	(2,416)
Profit/(loss) before tax	41,623	(867)	40,756
Total assets	320,400	74,522	394,922
Total liabilities	(141,280)	(33,521)	(174,801)
Non-current assets			
Intangible assets	479	282	761
Property, plant and equipment	165,117	39,764	204,881
Total	165,596	40,046	205,642

	Period ended 30 June 2014 (unaudited)		
	UK £'000	US £'000	Total £'000
Total revenue from external customers	154,177	27,375	181,552
EBITDA before exceptional items	**29,024**	**792**	**29,816**
Management charge	(725)	(382)	(1,107)
Share based payments	(402)	—	(402)
Loss on disposal of fixed assets	(6)	—	(6)
Pension charges	—	(765)	(765)
EBITDA	27,891	(355)	27,536
Depreciation and amortisation	(6,876)	(1,694)	(8,570)
Net finance costs	(680)	(1,016)	(1,696)
Profit/(loss) before tax	20,335	(3,065)	17,270

	Period ended 30 June 2015			
	UK £'000	US £'000	Negative goodwill on acquisition £'000	Total £'000
Total revenue from external customers	172,178	31,195	—	203,373
EBITDA before exceptional items	50,411	1,413	—	51,824
Management charge	(226)	—	—	(226)
Share based payments	(977)	—	—	(977)
Loss on disposal of fixed assets	(83)	—	—	(83)
Transaction costs	(7,972)	—	—	(7,972)
Other adjusting items	(1,695)	(973)	—	(2,668)
Exceptional cost of sales	(13,491)	(1,939)	—	(15,430)
EBITDA	25,967	(1,499)	—	24,468
Depreciation and amortisation pre acquisition	(2,151)	(552)	—	(2,703)
Depreciation and amortisation post acquisition	(7,292)	(2,332)	—	(9,624)
Negative goodwill on acquisition	—	—	127,590	127,590
Net finance costs pre acquisition	(633)	(139)	—	(772)
Net finance costs post acquisition	(52,981)	172	—	(52,809)
(Loss)/profit before tax	(37,090)	(4,350)	127,590	86,150
Total assets	570,676	96,229	—	666,905
Total liabilities	(553,791)	(25,394)	—	(579,185)
Non-current assets				
Intangible assets	121,291	9,536	—	130,827
Property, plant and equipment	297,138	44,920	—	342,058
Total	418,429	54,456	—	472,885

5. EXCEPTIONAL ITEMS

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Administrative exceptional items:					
Management charge	2,355	2,237	2,213	1,107	226
Share based payments	485	483	804	402	977
Pension charges	1,400	1,629	1,267	765	—
Transaction costs	—	—	571	—	7,972
Other adjusting items	500	—	500	—	2,668
	4,740	4,349	5,355	2,274	11,843
Negative goodwill on acquisition	—	—	—	—	(127,590)
Cost of sales adjustments	—	—	—	—	15,430
Total exceptional items	4,740	4,349	5,355	2,274	(100,317)

Management charges, share based payments and pension charges have been classified as exceptional in the periods presented as explained in the basis of preparation in note 2.

In the year ended 31 December 2012, 2013 and 2014, and in the period ended 30 June 2015 up to the point of acquisition, management fees relate to fees paid to the former parent. In the post acquisition period, management fees of £0.2m relate to amounts paid to the new owners of the Group.

In the period ended 30 June 2015, professional fees of £8.0m relate to £0.7m incurred in the pre-acquisition period relating to costs incurred in advance of the acquisition by Bain Capital and £7.3m in the post acquisition period largely related to costs incurred in relation to the acquisition.

In accordance with IFRS, the inventory value was uplifted to fair value at the date of the acquisition, and this adjustment increased cost of sales in the post acquisition period. The £15.4m for utilisation of the fair value uplift adjustment on inventory is considered an exceptional cost of sale as it is a non-cash and non-recurring item. Other adjusting items of £0.5m in 2012 and 2014 relate to exceptional inventory write offs. Other adjusting items of £2.7m in the 6 month period to June 2015 relate to retention bonuses due to key staff members which were committed to as part of the Bain Acquisition.

For further details of how negative goodwill of £127,590,000 was generated on the business combination, see note 25.

Management charges were previously settled through intercompany balances due to the former parent. All balances have since been settled and those arising after 26 February 2015 due to the new owners have now been cash settled.

All other exceptional items have been settled in cash, other than share based payments, negative goodwill and the cost of sales adjustment that are non-cash in nature due to being items that are either equity settled, or items arising solely from fair value accounting in the Group accounts.

Tax deductions were available on the share based payment arrangements in the three years to December 2014, but not on arrangements that arise in the period after 26 February 2015. Items relating to cost of sales have only impacted the deferred taxation charge in the period. Negative goodwill does not impact our tax charge for the period. Tax deductions are available on all other exceptional items, although the impact on current tax or deferred taxation is dependent on timing, with pension tax deductions being linked to when funding payments are made. The items relate mainly due to the UK, therefore tax deductions are available at 20% or future applicable tax rates, except for retention bonuses of £1 million arising in the US which will have a tax deduction at the US Federal tax rate of 35% plus applicable state taxes.

Exceptional finance costs are detailed in note 8.

6. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Depreciation pre acquisition (note 13)	17,725	17,204	16,938	8,560	2,699
Depreciation post acquisition (note 13)	—	—	—	—	7,451
Amortisation of other intangible assets pre acquisition (note 12)	8	20	20	10	4
Amortisation of other intangible assets post acquisition (note 12)	—	—	—	—	2,173
Operating lease expense	6,955	6,922	7,082	3,723	3,929
Raw materials and consumables used	44,346	48,233	65,278	31,250	29,619
Negative goodwill on acquisition	—	—	—	—	(127,590)
Fees payable to Company's auditor and its associates for the audit of the financial statements	195	211	235	95	200

7. EMPLOYEES AND DIRECTORS

(a) Staff costs for the Group during the period:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Wages and salaries	70,498	73,224	80,265	39,444	42,752
Social security costs	8,788	9,841	9,486	4,867	5,476
Pensions costs-defined benefit plans (note 21)	9,662	9,249	10,525	5,191	6,352
Pensions costs-defined contribution plans (note 21)	2,252	2,549	2,441	1,334	704
Share based payments	485	483	804	402	977
	91,685	95,346	103,521	51,238	56,261

Average monthly number of people (including executive directors) employed:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
Sales staff	281	305	319	317	325
Administrative staff	190	194	192	193	195
Production staff	1,894	1,925	2,065	2,008	2,076
	2,365	2,424	2,576	2,518	2,596

(b) Directors' remuneration

The following table details the aggregate compensation paid in respect of the directors.

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Aggregate emoluments (excluding pension contributions)	981	1,136	1,886	936	1,783
Pension contributions made	140	132	152	96	114
Share based payments	121	40	167	83	787
	1,242	1,308	2,205	1,115	2,684

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
Number of members of defined benefit pension schemes	6	7	7	7	6
Number of members of defined contribution pension schemes	—	—	1	1	1
Number of directors who exercised share options, including the highest paid director	2	2	4	4	6
	£'000	£'000	£'000	£'000	£'000
Accrued pension at the end of the period	293	292	275	270	299
Accrued lump sum at the end of the period	1,170	1,168	1,101	1,076	1,196

Included in the above are the following amounts in respect of the highest paid director, who is a member of the Group's defined benefit pension scheme:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Aggregate emoluments (excluding pension contributions)	318	381	541	268	798
Pension contributions made	31	33	55	42	46
Share based payments	108	25	139	70	530
	457	439	735	380	1,374

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Accrued pension at the end of the period	65	66	76	75	88
Accrued lump sum at the end of the period	259	265	305	298	350

(c) Key management compensation

The key management of the Group comprise the directors, whose remuneration has been disclosed above.

8. FINANCE COSTS

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Interest costs:					
Interest payable on preference shares	—	—	—	—	1,792
Interest payable on shareholder loan notes	—	—	—	—	2,073
Interest payable on revolving credit facility	—	—	—	—	485
Interest payable on secured borrowings	—	—	—	—	8,606
Exceptional finance charge on change in estimated life of secured borrowings	—	—	—	—	39,494
Total interest payable on secured borrowings	—	—	—	—	48,100
Interest payable to former Parent undertakings	1,712	1,812	2,069	987	109
Other interest payable	150	—	87	17	14
Cash payable interest	1,862	1,812	2,156	1,004	52,573
Net interest costs arising on the pension scheme (note 21)	2,771	1,868	1,060	584	324
Unwinding of discount on provisions/ changes in discount rate (note 19)	184	(163)	666	118	850
Unwinding of discount on deferred consideration	4	9	1	—	—
Fair value losses on financial instruments (note 23)	—	—	481	—	—
Non-cash payable interest	2,959	1,714	2,208	702	1,174
Total finance costs	4,821	3,526	4,364	1,706	53,747

(i) The secured borrowings are a financial instrument classified as 'other financial liabilities' and held at amortised cost using the effective interest method. The amortised cost method is based upon expected cash flows

of each instrument. Where the expectations of the nature and timing of cash flows change a one-off adjustment is required to adjust the carrying value of the financial instrument to reflect actual and revised estimated cash flows. On 30 June 2015 management revised the estimated lives and maturity dates for the securitised debt to October 2015 (previously to March 2018) after considering plans for an expected refinancing and associated "make whole" premium, resulting in the exceptional finance charge as disclosed above.

(ii) The shareholder loan notes, taken out on acquisition in February 2015, are a financial instrument classified as 'other financial liabilities' and held at amortised cost using the effective interest method. The amortised cost method is based upon expected cash flows of each instrument.

(iii) The preference shares and revolving credit facility are classified as other financial liabilities and were taken out on acquisition in February 2015.

9. FINANCE INCOME

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Interest income:					
Interest receivable from former Parent undertakings	3,421	2,414	1,938	10	—
Other interest receivable	—	7	10	—	10
Fair value gains on financial instruments	468	—	—	—	156
	3,889	2,421	1,948	10	166

10. TAXATION

Analysis of income tax charge	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Current tax on profits for the period	5,531	4,649	6,418	1,576	1,344
Adjustments in respect of prior periods	193	(256)	(14)	(14)	—
Total current tax	5,724	4,393	6,404	1,562	1,344
Deferred tax on profits for the period	(2,066)	1,057	1,828	1,991	(7,374)
Origination and reversal of temporary differences:					
Impact of change in tax rate	422	(842)	(864)	(131)	44
Adjustments in respect of prior periods	(1,709)	(10)	29	29	722
Total deferred tax (note 22)	(3,353)	205	993	1,889	(6,608)
Income tax expense/(credit)	2,371	4,598	7,397	3,451	(5,264)

In the period ended 30 June 2015, a £0.6m tax charge arose in the pre acquisition period. The pre and post acquisition results are summarised in note 25.

Tax on items credited to other comprehensive income	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Deferred tax adjustment arising on the pension scheme assets and liabilities	(4,752)	(5,456)	6,363	591	3,162

The tax charge for the year/period differs from the applicable standard rate of corporation tax in the UK of 20.25% in the period ended 30 June 2015 (2014: 21.5%, 2013: 23.25%, 2012: 24.5%, period ended 30 June 2014: 21.5%). The differences are explained below:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Profit on ordinary activities before tax	13,487	14,355	40,756	17,270	86,150
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 20.25% in the period ended 30 June 2015 (2014: 21.5%, 2013: 23.25%, 2012: 24.5%, period ended 30 June 2014: 21.5%)	3,304	3,338	8,763	3,713	17,445
Effects of:					
Negative goodwill arising on acquisition	—	—	—	—	(25,837)
Impact of foreign tax rates on current year taxable profits	(405)	(375)	(116)	(414)	(799)
State taxes	44	3	13	46	2
Other expenses not deductible pre acquisition	857	604	1,091	(740)	450
Other expenses not deductible post acquisition	—	—	—	—	1,422
Release of deferred tax on Group transfer of land	—	—	(3,428)	—	—
Depreciation not deductible	568	473	410	205	—
Group relief charged at higher than standard rate of tax	1,822	1,775	1,513	757	—
Group relief surrendered to previous owner for nil consideration	—	—	—	—	1,287
Rate change on deferred tax provision	422	(842)	(864)	(131)	44
Income not subject to tax due to election to transfer capital gains to former Group companies	(2,726)	(110)	—	—	—
Adjustments in respect of prior periods	(1,515)	(268)	15	15	722
Total taxation expense	2,371	4,598	7,397	3,451	(5,264)

The standard rate of Corporation Tax in the UK changed from 26% to 24% on 1 April 2012, from 24% to 23% on 1 April 2013, from 23% to 21% on 1 April 2014 and 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profits for the 6 month accounting period ended 30 June 2015 are taxed at an effective rate of 20.25%. The July 2015 Budget Statement announced further changes to the UK Corporation tax rate which will reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes have not been substantively enacted at the balance sheet date their effects are not included in these financial statements. Accordingly, the deferred tax balance has been calculated using a rate of 20%.

11. EARNINGS PER SHARE

Earnings per share is not presented in this historical financial information as the ultimate share structure of the Group will change on initial public offering, therefore earnings per share on historical basis would not be representative of the Group's intended structure.

12. INTANGIBLE ASSETS

Goodwill by CGU

Management reviews the business performance based on geography. It has identified the UK and the US as the two operating segments. Goodwill is monitored by the management at the operating segment level. The following is a summary of goodwill allocation for each operating segment.

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
UK	479	479	479	—
US	221	215	229	—
Total goodwill	700	694	708	—

	2012			
	Goodwill	Customer contracts and relationships	Brands	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January	479	—	—	479
Arising on business combination	225	102	—	327
Exchange movements	(4)	(3)	—	(7)
At 31 December	700	99	—	799
Accumulated amortisation				
At 1 January	—	—	—	—
Charge for the period		8	—	8
At 31 December	—	8	—	8
Net book amount				
At 31 December	700	91	—	791

On 25 July 2012, the Group acquired 100% of the trade and assets of L&L Supply Corporation, a distributor of brick and other building materials. The consideration paid for the acquisition comprised £757,000, including a net working capital adjustment payment, settled in cash together with deferred consideration of £158,000 in respect of a contractual non-compete arrangement. The present value of the consideration and deferred consideration paid was £889,000. Identified assets and liabilities acquired amounted to £664,000 including £189,000 property, plant and equipment, £557,000 trade and other receivables, £231,000 cash and cash equivalents, £102,000 customer contracts and relationships intangible assets and £(732,000) trade and other payables. Goodwill arising on acquisition therefore amounted to £225,000.

	2013			
	Goodwill	Customer contracts and relationships	Brands	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January	700	99	—	799
Exchange movements	(6)	(2)	—	(8)
At 31 December	694	97	—	791
Accumulated amortisation				
At 1 January	—	8	—	8
Charge for the period	—	20	—	20
Exchange movements	—	(1)	—	(1)
At 31 December	—	27	—	27
Net book amount				
At 31 December	694	70	—	764

	2014			
	Goodwill	Customer contracts and relationships	Brands	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January	694	97	—	791
Exchange movements	14	6	—	20
At 31 December	708	103	—	811
Accumulated amortisation				
At 1 January	—	27	—	27
Charge for the period	—	20	—	20
Exchange movements	—	3	—	3
At 31 December	—	50	—	50
Net book amount				
At 31 December	708	53	—	761

	2015			
	Goodwill	Customer contracts and relationships	Brands	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January	708	103	—	811
Eliminated on business combination	(706)	(102)	—	(808)
Exchange movements	(2)	(1)	—	(3)
Arising on business combination (note 25)	—	87,600	45,400	133,000
At 30 June	—	87,600	45,400	133,000
Accumulated amortisation				
At 1 January	—	50	—	50
Charge for the period pre-acquisition	—	4	—	4
Charge for the period post-acquisition	—	1,802	371	2,173
Total charge for the period	—	1,806	371	2,177
Eliminated on business combination	—	(53)	—	(53)
Exchange movements	—	(1)	—	(1)
At 30 June	—	1,802	371	2,173
Net book amount				
At 30 June	—	85,798	45,029	130,827

Amortisation is included in administrative expenses in the income statement.

The remaining amortisation period of customers relationships is 10 to 20 years. The remaining amortisation period of brands is outlined below:

Brands	At 30 June 2015	Remaining Amortisation Period (Years)
	£'000	
Ibstock Brick	31,787	50
Forticrete	773	10
Supreme	2,933	15
Glen Gery	9,536	50
	45,029	

13. PROPERTY, PLANT AND EQUIPMENT

	2012				
	Land and buildings	Mineral reserves	Plant, machinery and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January	134,933	81,891	286,968	6,704	510,496
Additions	528	228	4,543	16,257	21,556
Arising on business combination	—	—	189	—	189
Transfers	—	—	2,841	(2,841)	—
Disposals	(13)	(7)	(2,526)	(516)	(3,062)
Exchange movements	(1,593)	(438)	(3,407)	(18)	(5,456)
At 31 December	133,855	81,674	288,608	19,586	523,723
Accumulated depreciation					
At 1 January	61,748	16,403	198,318	—	276,469
Charge for the year	3,254	1,310	13,161	—	17,725
Disposals	—	(6)	(2,253)	—	(2,259)
Exchange movements	(567)	(108)	(2,339)	—	(3,014)
At 31 December	64,435	17,599	206,887	—	288,921
Net book amount					
At 31 December	69,420	64,075	81,721	19,586	234,802

	2013				
	Land and buildings	Mineral reserves	Plant, machinery and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January	133,855	81,674	288,608	19,586	523,723
Additions	1,180	129	9,825	3,172	14,306
Transfers	—	—	17,985	(17,985)	—
Reclassification to held for sale	(3,718)	(182)	(8,176)	—	(12,076)
Disposals	(2)	—	(3,142)	(10)	(3,154)
Exchange movements	(835)	(226)	(1,831)	(25)	(2,917)
At 31 December	130,480	81,395	303,269	4,738	519,882
Accumulated depreciation					
At 1 January	64,435	17,599	206,887	—	288,921
Charge for the year	3,512	1,349	12,343	—	17,204
Reclassification to held for sale	(2,114)	(102)	(6,562)	—	(8,778)
Disposals	(1)	—	(3,034)	—	(3,035)
Exchange movements	(350)	(62)	(1,408)	—	(1,820)
At 31 December	65,482	18,784	208,226	—	292,492
Net book amount					
At 31 December	64,998	62,611	95,043	4,738	227,390

2014	Land and buildings	Mineral reserves	Plant, machinery and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January	130,480	81,395	303,269	4,738	519,882
Additions	611	—	2,457	1,093	4,161
Transfers	—	—	3,255	(3,255)	—
Disposals	(11,775)	(830)	(2,589)	26	(15,168)
Exchange movements	1,570	551	4,763	25	6,909
At 31 December	120,886	81,116	311,155	2,627	515,784
Accumulated depreciation					
At 1 January	65,482	18,784	208,226	—	292,492
Charge for the year	2,961	1,628	12,349	—	16,938
Disposals	(538)	(198)	(2,358)	—	(3,094)
Exchange movements	878	149	3,540	—	4,567
At 31 December	68,783	20,363	221,757	—	310,903
Net book amount					
At 31 December	52,103	60,753	89,398	2,627	204,881

2015	Land and buildings	Mineral reserves	Plant, machinery and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January	120,886	81,116	311,155	2,627	515,784
Additions	—	—	1,067	667	1,734
Transfers	—	—	140	(140)	—
Disposals	—	—	(378)	—	(378)
Exchange movements	557	197	1,890	(16)	2,628
Eliminated on acquisition	(121,443)	(81,313)	(313,874)	(3,138)	(519,768)
Arising on acquisition (note 25)	176,484	72,239	97,976	3,248	349,947
At 26 February 2015	176,484	72,239	97,976	3,248	349,947
Accumulated depreciation					
At 1 January	68,783	20,363	221,757	—	310,903
Total charge for the period	543	282	1,874	—	2,699
Disposals	—	—	(374)	—	(374)
Exchange movements	373	67	1,455	—	1,895
Eliminated on acquisition	(69,699)	(20,712)	(224,712)	—	(315,123)
At 26 February 2015	—	—	—	—	—
Net book amount					
At 26 February 2015	176,484	72,239	97,976	3,248	349,947

	2015				
	Land and buildings	Mineral reserves	Plant, machinery and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 27 February 2015	176,484	72,239	97,976	3,248	349,947
Additions	—	—	345	413	758
Transfers	—	—	2,079	(2,079)	—
Disposals	—	—	(87)	—	(87)
Exchange movements	(537)	(38)	(518)	(16)	(1,109)
At 30 June 2015	175,947	72,201	99,795	1,566	349,509
Accumulated depreciation					
At 27 February 2015	—	—	—	—	—
Total charge for the period	2,497	1,080	3,874	—	7,451
At 30 June 2015	2,497	1,080	3,874	—	7,451
Net book amount					
At 30 June 2015	173,450	71,121	95,921	1,566	342,058

A loss on disposal of property, plant and equipment of (£83,000) has been recognised in the six month period ended 31 June 2015 (six month period to 31 June 2014: £(6,000 loss), year to 31 December 2014: £492,000 profit; year to 31 December 2013: £(58,000 loss); year to 31 December 2012: £7,800,000 profit).

14. NON-CURRENT ASSETS HELD FOR SALE

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Property, plant and equipment	—	3,297	—	—

Assets held for sale of consisted of assets held in the UK segment. The assets were classified as held for sale from 31 December 2013 and were sold in October 2014 realising a gain on disposal of £509,000. No impairment losses have been recognised in any periods on assets held for sale.

15. INVENTORIES

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Raw materials	15,150	16,109	16,304	17,035
Work in progress	2,032	2,359	2,299	2,852
Finished goods	53,284	46,003	54,447	59,593
	70,466	64,471	73,050	79,480

The replacement cost of inventories is not considered to be materially different from the above values.

Inventory values were uplifted to fair value at the date of the acquisition, and the unwind adjustment increased cost of sales in the post acquisition period (see note 5 for further details). At 30 June 2015, £0.5m of the adjustment had yet to unwind.

16. TRADE AND OTHER RECEIVABLES

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Trade receivables	33,441	49,651	47,772	67,473
Provision for impairment of receivables	(789)	(969)	(857)	(498)
Net trade receivables	32,652	48,682	46,915	66,975
Prepayments and accrued income	5,179	5,411	5,465	3,535
Other receivables	8,619	5,963	854	1,343
Reimbursement asset	—	—	9,000	9,000
Amounts due from former Parent undertakings	172,521	203,725	—	—
Total trade and other receivables	218,971	263,781	62,234	80,853

Of the amounts above £nil of other receivables is non-current (31 December 2014: £nil; 31 December 2013: £nil; 31 December 2012: £4,000,000).

The reimbursement asset recognised in 2014 represents an indemnity receivable from former parent undertaking which will be directly contributed to the pension scheme and this is deemed to be non-current. A related liability for any additional pension liabilities that may arise as a result of the equalisation of pension benefits has been recognised within post employment benefit obligations (see note 21). The assessment of the valuation of this indemnity is linked to an assessment of the additional pension liabilities that may arise.

There are no material differences between the fair values and book values stated above.

17. CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Cash at bank and in hand	27,681	14,265	53,996	33,687

Cash and cash equivalents include the following for the purposes of the statement of cash flows.

	31 December 2012 £'000	31 December 2013 £'000	31 December 2014 £'000	30 June 2015 £'000
Cash at bank and in hand	27,681	14,265	53,996	33,687
Bank overdrafts (note 20)	(985)	—	—	—
Cash and cash equivalents	26,696	14,265	53,996	33,687

18. TRADE AND OTHER PAYABLES

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Trade payables	30,722	37,891	38,100	40,009
Amounts owed to former Parent undertakings	20,548	23,430	12,979	—
Contingent consideration on acquisition	—	—	—	4,000
Deferred consideration on acquisition	114	89	—	—
Other tax and social security payable	2,417	3,443	5,241	6,662
Accruals and other payables	21,916	23,507	27,483	25,640
	75,717	88,360	83,803	76,311

Of the amounts above £4,321,000 is non-current (31 December 2014: £429,000; 31 December 2013: £645,000; 31 December 2012: £859,000).

There are no material differences between the fair values and book values stated above. Of the amount included in accruals and other payables above is deferred income due to unwind in more than one year of £321,000 (2014: £429,000; 2013: £645,000; 2012: £859,000).

19. PROVISIONS

	2012			
	Restoration and dilapidations	Restructuring	Other	Total
	£'000	£'000	£'000	£'000
At 1 January	3,396	1,145	1,391	5,932
Charged to income statement	176	388	1,069	1,633
Unwind of discount rate/change in rate	104	66	14	184
Utilised	(49)	(48)	(339)	(436)
Released	—	—	(217)	(217)
Exchange movements	(46)	(41)	(24)	(111)
At 31 December	3,581	1,510	1,894	6,985

	2013			
	Restoration and dilapidations	Restructuring	Other	Total
	£'000	£'000	£'000	£'000
At 1 January	3,581	1,510	1,894	6,985
Charged to income statement	266	170	54	490
Unwind of discount rate/change in rate	(191)	(5)	33	(163)
Utilised	(456)	(112)	(156)	(724)
Released	(12)	(100)	(212)	(324)
Exchange movements	(9)	(28)	(6)	(43)
At 31 December	3,179	1,435	1,607	6,221

	2014			
	Restoration and dilapidations	Restructuring	Other	Total
	£'000	£'000	£'000	£'000
At 1 January	3,179	1,435	1,607	6,221
Charged to income statement	599	147	118	864
Unwind of discount rate/change in rate	797	18	(149)	666
Utilised	(88)	(103)	(492)	(683)
Released	(389)	—	—	(389)
Exchange movements	31	74	22	127
At 31 December	4,129	1,571	1,106	6,806

	2015			
	Restoration and dilapidations	Restructuring	Other	Total
	£'000	£'000	£'000	£'000
At 1 January	4,129	1,571	1,106	6,806
Arising on business combination (note 25)	5,892	—	1,100	6,992
Charged to income statement	2	25	22	49
Unwind of discount rate/change in rate	288	1	1	290
Utilised	—	(29)	(555)	(584)
Released / retained by former parent	—	(1,225)	—	(1,225)
Exchange movements	(1)	(105)	(8)	(114)
At 26 February	10,310	238	1,666	12,214

	2015			
	Restoration and dilapidations	Restructuring	Other	Total
	£'000	£'000	£'000	£'000
At 27 February	10,310	238	1,666	12,214
Charged to income statement	55	—	141	196
Unwind of discount rate/change in rate	559	—	1	560
Utilised	(73)	(53)	(280)	(406)
Released	—	—	—	—
Exchange movements	(2)	(32)	(17)	(51)
At 30 June	10,849	153	1,511	12,513

The restoration provision comprises obligations governing site remediation and improvement costs to be incurred in compliance with applicable environmental regulations together with constructive obligations stemming from established practice once the sites have been fully utilised. The key estimates associated with calculating the provision relate to the cost per acre to perform the necessary remediation work as at the reporting date together with determining the year of retirement. Estimates are updated annually based on the total estimated available reserves and the expected extraction rates. Whilst a significant element of the total provision will reverse in the medium-term (two to ten years), the majority of the legal and constructive obligations applicable to mineral-bearing land will unwind over a 30-year timeframe. In discounting the related obligations, expected future cash outflows have been determined with due regard to extraction status and anticipated remaining life.

The restructuring provision covers current and former employees who have ceased working on grounds of ill health and is a liability payable to their normal retirement date.

Other provisions relate to provisions for the Supplemental Executive Retirement Plan (SERP), product warranties, landfill and onerous contracts. The SERP is a defined contribution retirement plan in respect of basic salary entitlements for executive directors. The product warranties are based on the estimate of the cost of fulfilling customer warranty claims. The estimate is derived principally from historical data appropriately adjusted for specific risk factors. Under the Group's standard sales terms, the Group repairs or replace items that fail to perform satisfactorily for one year from the date of delivery to the customer. It is expected that the most of this expenditure will be incurred within one year of the balance sheet date. The landfill provision relates to the restoration of the associated sites and environmental remediation required by legislation. The onerous contract provision provides cover for the exposure that the Company has for both current property leases where the rent being paid is significantly higher than the current market rents and vacant properties.

All of these provisions are discounted on an annual basis.

Amounts arising on acquisition include contingent liabilities of £7.0m to reflect possible outflows resulting from present obligations that existed at the date of acquisition. This includes certain legal claims in the UK of £1.1m which have been included in Other. Included within Restoration and dilapidations are the remaining contingent liabilities which include an environmental remediation claim in the US of £2.6m. The contingent liabilities have been estimated using correspondence between parties and management's best estimate of the fair value as to the possible future outflow that may arise. There was no movement in the contingent liabilities during the period to 30 June 2015.

The Group holds insurance performance bonds with Liberty Mutual Insurance Company in respect of the Group's maintenance and remediation obligations in respect of sites from which materials are being extracted. The bonds are typically in favour of the Department of Environmental Protection within the relevant jurisdictions. At the 30 June 2015 the value of the bonds amounted to £1,230,000 (31 December 2014: £1,257,000, 30 June 2014: £960,000, 31 December 2013: £993,000, 31 December 2012: £1,013,000). The maximum term on the bonds outstanding at that date is September 2016. The bonds are typically renewed on an annual basis at comparable levels and comparable positions were in place at the previous reporting dates.

Bank of America has provided a letter of credit of £50,000 on behalf of the Group to the National Union Fire Insurance Company. This letter of credit renews on an annual basis.

20. BORROWINGS

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Current				
Bank overdraft	985	—	—	—
Non-current				
Revolving credit facility	—	—	—	22,262
Shareholder loan notes	—	—	—	53,823
Secured borrowings	—	—	—	286,118
Preference shares	—	—	—	45,042
	—	—	—	407,245
Total borrowings	985	—	—	407,245

All the following instruments were issued as part of the financing arrangements for the acquisition on 26 February 2015:

Revolving credit facility ("RCF")

The RCF provides available funding of £40,000,000 until February 2020. Interest is charged at an annual rate of margin plus LIBOR (floored at 1%); the margin ranges from 2.75% — 3.50% dependant on the prevailing earnings of the Company on a rolling twelve months basis. Interest is payable six monthly. Drawn amounts are fully repayable in February 2020 or there are voluntary repayment clauses.

At 30 June 2015, £16.0m of the Revolving credit facility was undrawn. A commitment fee is payable on the undrawn element of the facility based on 35% of applicable margin.

Shareholder loan notes

The loan notes attract interest of 12% per annum on the principal plus any unpaid interest. Interest is payable on a quarterly basis. The notes are repayable at par on maturity in February 2021 or earlier at the option of the Company. The par value of the shareholder loan notes was £51.8m.

Secured borrowings

The borrowings attract interest of 8% plus LIBOR (floored at 1%) per annum, payable six monthly. The borrowings are repayable at par in February 2021. Voluntary early repayment clauses exist which if enacted may attract varying rates of exit charge depending on the nature and timing of the settlement.

The initial drawdown value of the borrowings was £250.0m. At 30 June 2015, £20.0m of secured borrowings facility was undrawn.

See note 8 for the finance charge related to the estimated life of the borrowings.

Preference shares

The 43,250,000 £0.001 preference shares bear a 12% annual fixed yield, compounding quarterly on 31 March, 30 June, 30 September and 31 December. On any redemption of these shares, the articles of the Company provide that all arrears and accruals (if any) of the dividend shall be paid. There is no fixed date of repayment; the shares can be redeemed at par at any time at the agreement of both the Company and the holder, or the shares are mandatorily redeemable at par on a triggering event, including the sale of the business. There is no premium payable on the redemption and the preference shares carry no votes at general meetings.

Due to the fixed yield and the obligation to transfer cash to redeem the shares, the preference shares are considered to have financial liability instrument characteristics and therefore have been treated for accounting purposes as a financial liability.

The carrying value of financial liabilities have been assessed as materially in line with their fair values with the exception of secured borrowings. The fair value of secured borrowings as at 30 June 2015 was £293m.

21. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group participates in the Ibstock Pension Scheme (the 'Scheme'), a defined benefit pension scheme in the UK. The Scheme has four participating employers – Ibstock Brick Limited, Forticrete Limited, Anderton Concrete Products Limited, Figgs Bidco Limited (from 26 February 2015) and Tyrone Brick Limited (up to 26 February 2015). The Scheme is funded by payment of contributions to a separate trustee administered fund.

The Scheme is administered by trustees who employ independent fund managers for the investment of the pension scheme assets. These assets are kept entirely separate from those of the Group.

Total annual contributions to the Scheme are based on independent actuarial advice, and are gauged to fund future pension liabilities (including projected increased in earnings and pensions) in respect of service up to the balance sheet date. The Scheme is subject to independent actuarial valuation at least every three years using the projected unit method.

The valuation used as at 30 June 2015 have been based on the initial results of the 30 November 2014 valuation. The valuations as at 31 December 2014, 30 June 2014, 31 December 2013 and 31 December 2012 are based on the formal valuation at 6 April 2012.

Through its defined benefit pension plan, the Group is exposed to a number of risks that are inherent in such plans and arrangements. There are, however, no unusual, entity-specific or plan-specific risks, and no significant concentrations of risk. The risks can be summarised as follows:

- asset value volatility, with the associated impact on the assets held in connection with the funding of pension obligations and the related cash flows;
- changes in bond yields, with any reduction resulting in an increase in the present value of pension obligations, mitigated by an increase in the value of plan assets;
- inflation, as pension obligations are generally linked to inflation and the prevailing rate of inflation is typically higher than other inflation measures in the UK; and
- life expectancy, as pension benefits are provided for the life of beneficiaries and their dependants.

Balance sheet assets/(obligations):

	31 December 2012	31 December 2013	31 December 2014	30 June 2014 (unaudited)	30 June 2015
	£'000	£'000	£'000	£'000	£'000
Equities	222,113	260,756	234,070	225,661	240,988
Bonds	147,966	150,055	230,257	201,854	297,962
Properties	27,379	28,996	24,007	29,186	24,030
Cash	534	1,467	5,018	131	1,685
Total market value of assets	397,992	441,274	493,352	456,832	564,665
Present value of scheme liabilities	(453,524)	(478,417)	(562,251)	(497,200)	(586,794)
Net scheme liabilities	(55,532)	(37,143)	(68,899)	(40,368)	(22,129)
Other pension commitments	(7,106)	(6,945)	(7,370)	(6,720)	(7,305)
Net post-employment benefit obligation	(62,638)	(44,088)	(76,269)	(47,088)	(29,434)

All equities and bonds have a quoted market price in an active market. Properties and cash and cash equivalents are unquoted.

The Group participates in two multi-employer defined benefit pension schemes, being Aluminum, Brick and Glass Workers International Union "AB&GW" and National Integrated Group Pension Plan "NIGPP", which are both held in the United States. As the Group is unable to identify its share of the assets and liabilities for these schemes as insufficient information is available on which to calculate this split (as confirmed with the schemes

actuaries), they are accounted for on a defined contribution basis. The charge for the 6 month period to June 2015 is £165,000 (Period to June 2014: £135,000, 2014: £315,000, 2013: £283,000, 2012: £269,000). The Group is not liable for any other contributing entities within either scheme. For exit from the schemes by the Group in 2014, it was estimated that the withdrawal liability for the schemes equalled \$16.8m and \$1.9m for the AB&GW and NIGPP respectively, although management currently do not have any plans on withdrawing from either scheme.

The minimum contribution requirements for the AB&GW scheme are based on a minimum monthly charge per active employee, with the minimum contribution requirements for the NIGPP scheme being based on a minimum charge per hour worked. The expected contributions to the plan for the next annual reporting period, being the year ending December 2015, equals \$537,000 and \$35,000 respectively. In respect of the AB&GW scheme, based on the total contributions made in 2014 to the multi-employer schemes, the level of participation the Group made compared to other participating entities was 86% and the Group has 71% of all members (active, deferred and retired). In respect of the NIGPP scheme, based on the proportion of the withdrawal liability against total plan liabilities, the level of participation the Group made compared to other participating entities was less than 1%.

The AB&GW plan has a deficit as at 31 December 2014 of £5.1m. The contribution rates agreed to be paid by the Group include an element of rehabilitation funding with respect to the total plan deficit. For this scheme, the arrangements gives rise to a present obligation and as such a liability has been recognised of £7.3m for future committed contribution amounts as at 30 June 2015 and for all periods presented, with an associated recognised deferred tax asset of £2.9m. This has been calculated by discounting the future cash flows, which accrete at 7% per annum in line with the rehabilitation funding plan as set by the scheme Trustees, at a rate commensurate with the time value of money using a 20 year US treasury rate given the duration of the rehabilitation funding plan runs to 2034. This calculation is based on management's estimated number of employee's in future years. The Trustees meet annually to reassess the funding contribution increase—this has been set at the 7% rate since 2012. Based on the contribution rates and total withdrawal liability for the NIGPP plan, management have determined any present obligation arising from the plan is immaterial.

Analysis of movements in the net obligation during the periods:

	31 December 2012	31 December 2013	31 December 2014	30 June 2014 (unaudited)	30 June 2015
	£'000	£'000	£'000	£'000	£'000
Funded plan:					
Brought forwards	(73,083)	(55,532)	(37,143)	(37,143)	(68,899)
Charge within labour costs and operating profit	(9,662)	(9,249)	(10,525)	(5,191)	(6,352)
Interest expense	(2,771)	(1,868)	(1,060)	(584)	(324)
Actuarial gain/(loss) recognised in the statement of comprehensive income	18,666	18,470	(31,814)	(2,956)	(15,808)
Contributions	11,318	11,036	11,643	5,506	69,254
Carried forwards	(55,532)	(37,143)	(68,899)	(40,368)	(22,129)

The amounts recognised in the income statement are:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Current service cost	8,514	8,329	9,190	4,601	5,620
Past service cost	—	—	—	—	270
Administrative expenses	1,148	920	1,335	590	462
Charge within labour costs and operating profit	9,662	9,249	10,525	5,191	6,352
Interest expense	2,771	1,868	1,060	584	324
Defined benefit charge to the income statement	12,433	11,117	11,585	5,775	6,676
Defined contribution scheme *	2,252	2,549	2,441	1,334	704
Total charge to the income statement	14,685	13,666	14,026	7,109	7,380

* These include contributions to the pension schemes retained by the former parent (and included within exceptional items in note 5) as well as the contributions to the AB&GW and NIGPP schemes.

Remeasurements recognised in the statement of comprehensive income:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Actuarial gain/(loss) on defined benefit scheme assets	23,065	29,261	38,092	8,863	1,115
Actuarial (loss)/gain on defined benefit scheme liabilities:					
Actuarial losses from changes in financial assumptions	(13,340)	(8,969)	(72,881)	(11,819)	(16,923)
Actuarial loss from changes in demographic assumptions	—	(1,788)	—	—	—
Experience adjustments	8,941	(34)	2,975	—	—
Other comprehensive income	18,666	18,470	(31,814)	(2,956)	(15,808)

Changes in the present value of the defined benefit obligations are analysed as follows:

	31 December 2012	31 December 2013	31 December 2014	30 June 2014 (unaudited)	30 June 2015
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation brought forwards	424,734	453,524	478,417	478,417	562,251
Current service cost	8,514	8,329	9,190	4,601	5,620
Past service cost	—	—	—	—	270
Interest cost	19,660	19,692	21,217	10,582	9,592
Contributions by scheme participants	95	81	78	38	40
Actuarial losses	13,399	10,791	69,906	11,819	16,923
Benefits paid	(12,878)	(13,829)	(16,339)	(8,146)	(7,774)
Insurance premium for risk benefits	—	(171)	(218)	(111)	(128)
Present value of defined benefit obligations carried forward	453,524	478,417	562,251	497,200	586,794

Changes in the fair value of plan assets are analysed as follows:

	31 December 2012	31 December 2013	31 December 2014	30 June 2014 (unaudited)	30 June 2015
	£'000	£'000	£'000	£'000	£'000
Fair value of pension scheme assets at 1 January	360,651	397,992	441,274	441,274	493,352
Interest income	16,889	17,824	20,157	9,998	9,268
Actuarial gain on pension scheme assets	23,065	29,261	38,092	8,863	1,115
Employer contributions	11,318	11,036	11,643	5,506	69,254
Contributions by scheme participants	95	81	78	38	40
Benefits paid	(12,878)	(13,829)	(16,339)	(8,146)	(7,774)
Administrative expenses	(1,148)	(920)	(1,335)	(590)	(462)
Insurance premium for risk benefits	—	(171)	(218)	(111)	(128)
Fair value of pension scheme assets carried forward	397,992	441,274	493,352	456,832	564,665

The company continued to contribute 16.0% of pensionable salaries to the Scheme during each year reported. The company also contributed a further £6.0m during the year to 31 December 2014 in additional contributions which included £1.8m relating to the pension salary sacrifice arrangement. A payment schedule has been agreed with the Trustees of the Ibstock Pension Scheme so that the schemes deficit can be eliminated. This includes the company continuing to contribute 16% of pensionable salaries to the scheme as well as a further £7.0m per annum until November 2017.

The weighted average duration of the defined benefit obligation is 20 years. The methods and types of assumptions used in preparing the sensitivity analysis has not changed compared to the previous periods.

At each of the 31 December 2014 and 30 June 2015 balance sheet dates, a reimbursement asset is recorded which will be directly contributed to the Scheme. Refer to note 16 'trade and other receivables'.

The principal assumptions used by the actuary in his calculations were:

	31 December 2012	31 December 2013	31 December 2014	30 June 2014 (unaudited)	30 June 2015
	Per annum	Per annum	Per annum	Per annum	Per annum
Discount rate	4.50	4.60	3.50	4.40	3.70
RPI inflation	3.00	3.30	3.00	3.20	3.30
CPI inflation	2.00	2.30	2.00	2.20	2.30
Rate of increase in salary	4.00	4.30	4.00	4.20	4.30
Rate of increase in pensions in payment	3.00	3.30	3.00	3.20	3.15
Mortality assumptions: life expectancy from age 65					
For a male currently aged 65	23.10	23.00	23.00	23.00	23.10
For a female currently aged 65	25.80	25.60	25.70	25.70	25.80
For a male currently aged 40	24.50	25.30	25.40	25.40	25.50
For a female currently aged 40	27.20	28.10	28.20	28.20	28.30

The post-retirement mortality assumptions allow for expected increases to life expectancy. The life expectancies quoted for members currently aged 40 assume that they retire at age 65 (i.e. 25 years after the balance sheet date).

The principal financial assumption is the real discount rate, being the excess of the discount rate over the rate of inflation. The discount rate is based on the market yields on high-quality corporate bonds of appropriate currency and term to the defined benefit obligations. The obligations are primarily in sterling and have a maturity of some 18 years. If the real discount rate increased/decreased by 0.1%, the defined benefit obligations at 30 June 2015 would decrease/increase by approximately 2%. There would be a similar impact on the service cost.

The impact on the defined benefit obligation to changes in the financial and demographic assumptions is shown below:

	31 December 2012	31 December 2013	31 December 2014	30 June 2014 (unaudited)	30 June 2015
	£'000	£'000	£'000	£'000	£'000
0.5% increase in discount rate	19,726	20,528	25,832	23,781	25,161
0.5% decrease in discount rate	(20,642)	(22,006)	(27,762)	(24,999)	(31,079)
0.5% increase in salary growth rate	(379)	(400)	(474)	(572)	(567)
0.5% decrease in salary growth rate	367	387	459	570	550
0.25% increase in pension growth rate	(19,954)	(15,958)	(21,248)	(18,631)	(20,230)
0.25% decrease in pension growth rate	12,765	13,480	18,221	15,986	15,393
1 year increase in life expectancy	(14,026)	(15,116)	(20,066)	(17,596)	(20,825)
1 year decrease in life expectancy	13,597	15,090	19,915	17,464	20,668

A special contribution of £60m was paid in the pre-acquisition period. Refer to note 25 for further details.

22. DEFERRED TAX ASSETS/ LIABILITIES

The movement on the deferred tax account is shown below:

	31 December 2012	31 December 2013	31 December 2014	26 February 2015	30 June 2015
	£'000	£'000	£'000	£'000	£'000
Deferred tax liability at 1 January	1,869	917	(4,490)	(1,096)	(63,633)
Arising on acquisition	—	—	—	(60,549)	—
Differences on exchange	432	157	(251)	(14)	50
Tax credited/(charged) to the Group income statement	3,353	(205)	(993)	(1,469)	8,077
Tax recognised within other comprehensive income	(4,752)	(5,456)	6,363	(394)	3,556
Tax credited/(charged) directly to equity	15	97	(1,725)	(111)	(72)
Net deferred tax liability at period-end	917	(4,490)	(1,096)	(63,633)	(52,022)
Deferred tax asset	31,018	22,027	20,658	21,538	27,308
Deferred tax liability	(30,101)	(26,517)	(21,754)	(85,171)	(79,330)
Net deferred tax liability at period-end	917	(4,490)	(1,096)	(63,633)	(52,022)
Deferred tax asset expected to unwind within 1 year	7,610	38	2,542	1,017	3,783
Deferred tax asset expected to unwind after 1 year	23,408	21,989	18,116	20,521	23,525
	31,018	22,027	20,658	21,538	27,308
Deferred tax liability expected to unwind within 1 year	(989)	(265)	(578)	(22,864)	(22,752)
Deferred tax liability expected to unwind after 1 year	(29,112)	(26,252)	(21,176)	(62,307)	(56,578)
	(30,101)	(26,517)	(21,754)	(85,171)	(79,330)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2012					
Deferred tax liabilities	Intangible assets	Accelerated tax depreciation	Land revaluation	Rolled over and held over gains and other	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	—	(25,395)	(5,484)	(3,459)	(933)	(35,271)
Exchange movements	—	430	226	—	21	677
Tax credited in the Group income statement	—	2,711	189	681	912	4,493
At 31 December	—	(22,254)	(5,069)	(2,778)	—	(30,101)

	2013					
	Intangible assets	Accelerated tax depreciation	Land revaluation	Rolled over and held over gains and other	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	—	(22,254)	(5,069)	(2,778)	—	(30,101)
Exchange movements	—	165	115	—	—	280
Tax credited in the Group income statement	—	3,226	1	77	—	3,304
At 31 December	—	(18,863)	(4,953)	(2,701)	—	(26,517)

	2014					
	Intangible assets	Accelerated tax depreciation	Land revaluation	Rolled over and held over gains and other	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	—	(18,863)	(4,953)	(2,701)	—	(26,517)
Exchange movements	—	(462)	(76)	—	—	(538)
Tax credited in the Group income statement	—	1,364	3,937	—	—	5,301
At 31 December	—	(17,961)	(1,092)	(2,701)	—	(21,754)

	2015					
	Intangible assets	Accelerated tax depreciation	Land revaluation	Rolled over and held over gains and other	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	—	(17,961)	(1,092)	(2,701)	—	(21,754)
Arising on acquisition	(28,539)	(31,123)	—	926	(3,874)	(62,610)
Exchange movements	—	(93)	(13)	—	—	(106)
Tax credited/(charged) in the Group income statement	—	169	—	(11)	(859)	(701)
At 26 February	(28,539)	(49,008)	(1,105)	(1,786)	(4,733)	(85,171)

	2015					
	Intangible assets	Accelerated tax depreciation	Land revaluation	Rolled over and held over gains and other	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 27 February	(28,539)	(49,008)	(1,105)	(1,786)	(4,733)	(85,171)
Arising on acquisition	—	—	—	—	—	—
Exchange movements	—	162	22	—	—	184
Tax credited in the Group income statement	449	739	—	132	4,337	5,657
At 30 June	(28,090)	(48,107)	(1,083)	(1,654)	(396)	(79,330)

2012

Deferred tax assets	Intangible assets	Tax losses	Accelerated tax depreciation	Employee pension liabilities	Share incentive plans	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	—	2,230	—	21,253	—	13,657	37,140
Exchange movements	—	—	—	(125)	—	(120)	(245)
Tax credited/ (charged) in the Group income statement	—	2,839	—	(747)	25	(3,257)	(1,140)
Tax recognised within other comprehensive income	—	—	—	(4,752)	—	—	(4,752)
Tax credited directly to equity	—	—	—	—	15	—	15
At 31 December	—	5,069	—	15,629	40	10,280	31,018

2013

	Intangible assets	Tax losses	Accelerated tax depreciation	Employee pension liabilities	Share incentive plans	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	—	5,069	—	15,629	40	10,280	31,018
Exchange movements	—	—	—	(65)	—	(58)	(123)
Tax (charged)/ credited in the Group income statement	—	(133)	—	113	260	(3,749)	(3,509)
Tax recognised within other comprehensive income	—	—	—	(5,456)	—	—	(5,456)
Tax credited directly to equity	—	—	—	—	97	—	97
At 31 December	—	4,936	—	10,221	397	6,473	22,027

2014

	Intangible assets	Tax losses	Accelerated tax depreciation	Employee pension liabilities	Share incentive plans	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	—	4,936	—	10,221	397	6,473	22,027
Exchange movements	—	—	—	171	—	116	287
Tax (charged)/ credited in the Group income statement	—	(3,155)	—	(12)	18	(3,145)	(6,294)
Tax recognised within other comprehensive income	—	—	—	6,363	—	—	6,363
Tax (charged)/ credited directly to equity	—	—	—	(1,800)	75	—	(1,725)
At 31 December	—	1,781	—	14,943	490	3,444	20,658

	26 February 2015						
	Intangible assets	Tax losses	Accelerated tax depreciation	Employee pension liabilities	Share incentive plans	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	—	1,781	—	14,943	490	3,444	20,658
Arising on acquisition	—	—	—	—	—	2,061	2,061
Exchange movements	—	—	—	68	—	24	92
Tax (charged)/ credited in the Group income statement	—	(1,065)	—	(11,586)	—	11,883	(768)
Tax recognised within other comprehensive income	—	—	—	(394)	—	—	(394)
Tax charged directly to equity	—	—	—	—	(111)	—	(111)
At 26 February 2015	—	716	—	3,031	379	17,412	21,538

	30 June 2015						
	Intangible assets	Tax losses	Accelerated tax depreciation	Employee pension liabilities	Share incentive plans	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 27 February	—	716	—	3,031	379	17,412	21,538
Exchange movements	—	—	—	(95)	—	(39)	(134)
Tax credited/(charged) in the Group income statement	—	2,897	—	(930)	(279)	732	2,420
Tax recognised within other comprehensive income	—	—	—	3,556	—	—	3,556
Tax charged directly to equity	—	—	—	—	(72)	—	(72)
At 30 June	—	3,613	—	5,562	28	18,105	27,308

Other includes a deferred tax asset arising on pension spreading equalling £12,794,000 at the 30 June 2015 (26 February 2015: £12,061,000, 31 December 2014: £nil, 31 December 2013: £2,433,000, 31 December 2012:£5,597,000).

A deferred tax asset of £1,274,000 (26 February 2015: £1,487,000, 31 December 2014: £1,280,000, 31 December 2013: £1,258,000, 31 December 2012:£1,265,000) in respect of state net operating losses has not been recognised in these financial statements. These unrecognised tax losses expire within a period of between 5 and 20 years.

The July 2015 Budget Statement announced further changes to the UK Corporation tax rate which will reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes have not been substantively enacted at the balance sheet date their effects are not included in these financial statements. Accordingly, the deferred tax balance has been calculated using a rate of 20%. The effect of each of the further reductions of 1% in the tax rate outlined above would be a reduction of £2,396,000 and £4,792,000 respectively in the Group's deferred tax liability.

23. FINANCIAL INSTRUMENTS—RISK MANAGEMENT

	Financial liabilities at amortised cost 31 December 2012	Liabilities at fair value through profit and loss 31 December 2012	Financial liabilities at amortised cost 31 December 2013	Liabilities at fair value through profit and loss 31 December 2013
	£'000	£'000	£'000	£'000
Derivative financial instruments	—	—	—	—
Trade and other payables	73,300	—	84,917	—
Borrowings	985	—	—	—
Total	74,285	—	84,917	—

	31 December 2014		30 June 2015	
	£'000	£'000	£'000	£'000
Derivative financial instruments	—	481	—	325
Trade and other payables	78,562	—	69,649	—
Borrowings	—	—	407,245	—
Total	78,562	481	476,894	325

All financial assets are classified as loans and receivables.

Credit Risk

Credit risk arises from cash and cash equivalents, credit sales and deposits with banks. Credit risk related to the use of treasury instruments is managed on a Group basis. This risk arises from transactions with banks, such as those involving cash and cash equivalents and deposits. To reduce the credit risk, the Group has concentrated its main activities with a Group of banks that have secure credit ratings. For each bank, individual risk limits are set based on its financial position, credit ratings, past experience and other factors. The utilisation of credit limits is regularly monitored.

The Group has significant sales contracts with a number of 'blue-chip' companies and accordingly the directors believe there is a limited exposure to credit risk, but this is actively monitored at board level. The Group's policy on credit risk requires appropriate credit checks on potential customers before sales commence.

The ageing analysis of the trade receivables (from date of past due) but not considered to be impaired is as follows:

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Not past due	19,752	25,691	34,645	51,148
Less than one month past due	10,055	16,928	10,162	13,337
One to six months past due	2,630	6,122	2,259	2,472
Six to twelve months past due	203	(144)	(157)	(5)
More than 12 months past due	12	85	6	23
	32,652	48,682	46,915	66,975

The ageing analysis of the trade receivables (from date of past due) determined to be impaired is as follows:

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Less than one month past due	32	41	27	—
One to six months past due	330	385	296	64
Six to twelve months past due	370	523	529	366
More than 12 months past due	57	20	5	68
	789	969	857	498

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

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Opening impairment provision	1,070	789	969	857
Charged to the income statement	452	354	123	188
Utilised	(725)	(161)	(235)	(297)
Released	—	—	(24)	(246)
Exchange movements	(8)	(13)	24	(4)
Closing impairment provision	789	969	857	498

Market Risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, being currency risk, interest rate risk and other price risk. In the post acquisition period the Group's interest rate risk arises principally from the revolving credit facility and secured borrowings which attract interest with varying terms, see note 20. The Group manages its interest rate risk by using a mix of fixed and floating rate debt with varying repayment terms. The Group also does not trade in derivative financial instruments and so is not considered to be exposed to other price risk. The exposure to currency risk is considered below.

The exposure in different currency of financial assets and liabilities is as follows:

At 31 December 2012	Sterling	US$	Euro	Total
	£'000	£'000	£'000	£'000
Financial assets				
Cash and cash equivalents (note 17)	25,960	14	1,707	27,681
Trade and other receivables (note 16)	206,683	7,692	54	214,429
	232,643	7,706	1,761	242,110
Financial liabilities				
Borrowings (note 20)	985	—	—	985
Trade and other payables (note 18)	41,340	28,251	3,709	73,300
Provisions (note 19)	4,325	2,660	—	6,985
	46,650	30,911	3,709	81,270

At 31 December 2013	Sterling	US$	Euro	Total
	£'000	£'000	£'000	£'000
Financial assets				
Cash and cash equivalents (note 17)	14,153	13	99	14,265
Trade and other receivables (note 16)	250,797	8,252	190	259,239
	264,950	8,265	289	273,504
Financial liabilities				
Borrowings (note 20)	—	—	—	—
Trade and other payables (note 18)	53,722	30,588	607	84,917
Provisions (note 19)	3,925	2,296	—	6,221
	57,647	32,884	607	91,138

At 31 December 2014	Sterling	US$	Euro	Total
	£'000	£'000	£'000	£'000
Financial assets				
Cash and cash equivalents (note 17)	53,382	21	593	53,996
Trade and other receivables (note 16)	48,955	9,369	339	58,663
	102,337	9,390	932	112,659
Financial liabilities				
Borrowings (note 20)	—	—	—	—
Trade and other payables (note 18)	55,304	20,737	2,521	78,562
Provisions (note 19)	4,622	2,184	—	6,806
	59,926	22,921	2,521	85,368

At 30 June 2015	Sterling	US$	Euro	Total
	£'000	£'000	£'000	£'000
Financial assets				
Cash and cash equivalents (note 17)	30,680	2,969	38	33,687
Trade and other receivables (note 16)	64,859	11,856	714	77,429
	95,539	14,825	752	111,116
Financial liabilities				
Borrowings (note 20)	407,245	—	—	407,245
Trade and other payables (note 18)	59,752	8,496	1,401	69,649
Provisions (note 19)	8,055	777	—	8,832
	475,052	9,273	1,401	485,726

There are no material differences between the fair values and the book values stated above with the exception of secured borrowings as detailed in note 20. The fair value is determined by reference to discounted cash flows at prevailing market rates for similar borrowings.

The Group has negligible risk to currency fluctuations as the majority of assets and liabilities are held in the same functional currency.

Liquidity Risk

The Group has generated sufficient cash from operations to meet its working capital requirements and finance its investing activities. The Group did not hold any long term borrowings during the three years from 2012 to 2014 and therefore exposure to liquidity risk during this period was limited. A significant receivable was outstanding from the former parent entity during this period and as sufficient cash was being generated to finance the operating activities of the Group and continued investment in purchase of property, plant and equipment. The Group were not reliant on this amount being settled for management of liquidity. Following the acquisition the Group manages liquidity risk by entering into committed bank borrowing facilities to ensure the Group has sufficient funds available, and monitoring cash flow forecasts to ensure the Group has adequate borrowing facilities. On acquisition, bank debt and shareholder loan notes have been taken out, with the following maturities:

The maturity of the Group's borrowings is as follows:

At 30 June 2015	Less than one year £'000	Two to five years £'000	Greater than five years £'000	Total £'000
Secured borrowings	—	—	286,118	286,118
Shareholder loan notes	—	—	53,823	53,823
Revolving credit facility	—	22,262	—	22,262
Total	—	22,262	339,941	362,203

Preference shares have no fixed repayment date as detailed in note 20 and therefore have been excluded from the above analysis. For details of the maturity of other financial liabilities, see note 18.

The contractual non-discounted minimum future cash flows in respect of these borrowings are:

At 30 June 2015	Less than one year £'000	Two to five years £'000	Greater than five years £'000	Total £'000
Secured borrowings	22,500	90,062	272,562	385,124
Shareholder loan notes	6,227	24,857	55,850	86,934
Revolving credit facility	1,080	28,323	—	29,403
Total	29,807	143,242	328,412	501,461

Fair value hierarchy

IFRS 13 'Financial Instruments: Disclosures' requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All of the Group's fair value measurements have been categorised as Level 2 except for contingent consideration which has been categorised as Level 3. There were no transfers between levels during the current or prior period.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or borrow additional debt.

24. CALLED UP SHARE CAPITAL

	Number of shares	Share Capital	Share Premium
		£'000	£'000
Class A £0.001 Ordinary shares at 26 February 2015	10,000,000	10	9,990
Class B £1 Ordinary shares issued in the period	80,000	80	524
At 30 June 2015	10,080,000	90	10,514

The Company has allotted 10,000,000 £0.001 A ordinary shares and 80,000 £1 B ordinary shares. All shares issued by the Company are fully paid.

On a returning of capital on a liquidation, reduction of capital or otherwise, a sum from the surplus assets of the Company remaining after repayment of its liabilities and other costs, charges and expenses equal to the subscription price of each A share shall be paid to A ordinary shareholders in priority to a sum equal to the subscription price of each B share which shall be paid to B ordinary shareholders. The remaining surplus, and the rights to participate in dividends, is distributed to the holders of A ordinary shares and B ordinary shares pro rated to the number of shares held by them in accordance with the articles of the Company.

A ordinary shareholders carry the right to vote at general meetings of the Company, whereas holders of B ordinary shares as a class hold certain rights set out in the articles of the Company, including the ability to vote where certain criteria are met. No shares in the Company are held by the Company or by its subsidiaries. No shares are reserved for issue under options or contracts.

The premium above the nominal value of equity shares issued has been recorded in a separate share premium account. The share premium account is not available for distribution.

25. BUSINESS COMBINATIONS

On 26 February 2015 the Group acquired the entire share capital of Ibstock Group Limited and Glen Gery Corporation through its subsidiaries Figgs Bidco Limited and Figgs Bidco 2 Limited.

The following table summarises the consideration paid for Ibstock Group Limited and Glen-Gery Corporation, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 26 February 2015	£'000
Initial cash consideration	312,853
Pension contribution	60,000
Contingent land proceeds	1,109
Contingent pension tax benefit	4,000
Total consideration (100% holding)	377,962
Recognised amounts of identifiable assets acquired and liabilities assumed	
Other intangibles assets:	
Customer contracts and relationships	87,600
Brands	45,400
Property, plant and equipment	349,947
Inventories	89,518
Trade and other receivables	79,971
Trade and other payables	(65,781)
Cash and cash equivalents	7,902
Derivative financial instrument	(508)
Current tax liabilities	(408)
Post employment benefit obligations	(12,242)
Deferred tax liabilities	(63,633)
Provisions	(12,214)
Total identifiable net assets	505,552
Negative goodwill	(127,590)
Total	377,962

Acquisition-related costs of £8.0m have been charged to exceptional expenses in the consolidated income statement for the period ended 30 June 2015. In addition to these, costs specifically associated with raising the debt to fund the acquisition has been capitalised equalling £14.0m.

(i) Pension consideration

As part of the acquisition the acquirer agreed Ibstock Brick Limited would make a one-off £60.0m contribution to the Ibstock Brick Limited pension scheme on completion of the transaction. As the transaction was conditional on the contribution being made the payment cannot be separated from the business combination and therefore in accordance with IFRS 3, is treated as part of the acquirer's consideration paid for the business. The post-employment benefit obligation includes this £60.0m contribution.

(ii) Contingent land proceeds

In accordance with the sale and purchase agreement, half of all proceeds, over a contracted amount, received by the acquired business on the sale of certain land assets in the future shall be payable to the seller. The fair value of that future obligation has been based on future estimated sales proceeds equalling £1.1m, with the range being £nil to £3.8m.

(iii) Contingent tax proceeds

In accordance with the sale and purchase agreement, half of any tax relief, over a contracted amount, received by the acquired business as a result of the £60.0m one-off pension contribution made as part of the acquisition, shall be payable to the seller. The fair value of that future obligation has been estimated to be £4.0m, with the range being £nil to £4.0m.

(iv) Provisional amounts

The fair values of acquired identifiable assets and liabilities are reported as provisional, pending final reviews. The valuations of these assets and liabilities shall be completed prior to the end of the measurement period.

(v) Contingent liabilities

A contingent liability of £7.0m has been recognised to reflect possible outflows from present obligations which may arise in the future in respect of certain legal claims in the UK of £1.1m, UK property risks of £3.3m and an environmental remediation claim of £2.6m in the US.

IFRS 3 requires all acquired assets and liabilities to be stated at fair value. The consideration paid in association of the purchase of the Ibstock Group of companies was based on a multiple of earnings and not an assessment of the fair value of the assets of the business. As there is considerable value associated with intangible assets that only arise in the consolidated accounts, and our tangible assets reflect the current market demand for building products and production capacity, the fair value of the acquired net assets are in excess of the consideration paid, and therefore negative goodwill has arisen, which has been immediately taken to the income statement.

The combined results for the six month period are comprised as follows:

	1 January 2015 to 26 February 2015	27 February 2015 to 30 June 2015	6 months ended 30 June 2015
	£'000	£'000	£'000
Revenue	54,497	148,876	203,373
Cost of sales before exceptional items	(41,042)	(86,212)	(127,254)
Gross profit before exceptional items	13,455	62,664	76,119
Exceptional cost of sales	—	(15,430)	(15,430)
Gross profit	13,455	47,234	60,689
Distribution costs	(4,843)	(12,315)	(17,158)
Administrative expenses before exceptional items	(6,943)	(13,848)	(20,791)
Administrative exceptional items	(1,490)	(10,353)	(11,843)
Net administrative expenses	(8,433)	(24,201)	(32,634)
Negative goodwill on acquisition	—	127,590	127,590
Profit/(loss) on disposal of property, plant and equipment	4	(87)	(83)
Other income	476	1,286	1,762
Other expenses	(128)	(307)	(435)
Operating profit	531	139,200	139,731
EBITDA before exceptional items	4,720	47,104	51,824
Less/add exceptional items	(1,490)	101,807	100,317
Less/add profit/(loss) on disposal of property, plant and equipment	4	(87)	(83)
Less depreciation and amortisation	(2,703)	(9,624)	(12,327)
Operating profit	531	139,200	139,731
Finance costs	(772)	(52,975)	(53,747)
Finance income	—	166	166
Net finance cost	(772)	(52,809)	(53,581)
(Loss)/profit before taxation	(241)	86,391	86,150
Taxation	(1,906)	7,170	5,264
(Loss)/profit for the financial period	(2,147)	93,561	91,414

In preparing the cash flow statement for the period to 30 June 2015 the cash flows of the combined Group for the two months to the 26 February 2015 have been aggregated with the cash flows of the consolidated Group for the four months to 30 June 2015.

26. SHARE INCENTIVE PLANS

(a) Cost of share-based compensation

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	6 months ended 30 June 2014	6 months ended 30 June 2015
	£'000	£'000	£'000	£'000	£'000
Share option and savings related share option expense	485	483	761	380	762
Performance share plan expense	—	—	43	22	215
	485	483	804	402	977

Share options

Fair value is determined on the basis that the services to be rendered by employees as consideration for the granting of share options will be received over the vesting period, which is assessed as at the grant date. The share options granted by the Parent Company (CRH plc) are not subject to market-based vesting conditions as defined in IFRS 2.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Profit and Loss expense/credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. The cumulative charge to the Profit and Loss Account is reversed only where the performance condition is not met or where an employee in receipt of share options leaves service prior to completion of the expected vesting period and those options lapse in consequence.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a non-vesting condition which is treated as vesting irrespective of whether or not it is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. All cancellations of equity-settled transaction awards are treated equally.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Awards under the Performance Share Plan

75% of the awards granted under the 2014 Performance Share Plan are subject to a total shareholder return-based (and hence market-based) vesting condition. Accordingly, the fair value assigned to the related equity instruments at the grant date is adjusted so as to reflect the anticipated likelihood as at the grant date of achieving the market-based vesting condition. Awards are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The remaining 25% of awards granted under the 2014 Performance Share Plan are subject to a cumulative cash flow target (non-market based) vesting condition. The fair value of the awards is calculated as the market price of the shares at the date of grant. No expense is recognised for awards that do not ultimately vest. At the balance sheet date the estimate of the level of vesting is reviewed and any adjustment necessary is recognised in the Profit and Loss account.

Share Option Schemes

In May 2014, shareholders of CRH plc, the Parent Company of Ibstock Brick Limited, approved the adoption of a new Performance Share Plan (the '2014 Performance Share Plan'), which replaced the 2010 Share Option

Scheme (approved by shareholders in May 2010). Following the introduction of the 2014 Performance Share Plan, no further awards will be made under the 2010 Share Option Scheme. Consequently, the last awards under the 2010 Share Option Scheme were made in 2013.

Details of options granted under the share option schemes

A summary of activity in the company under the 2010 Share Option Scheme, together with the weighted average exercise price of the share options, is as follows:

	Weighted average exercise price	Number of options outstanding
At 1 January 2012	£12.89	584,761
Transfers	£ 0.00	—
Granted	£12.80	73,100
Exercised	£ 8.96	(57,715)
Lapsed	£12.98	(89,916)
At 1 January 2013	£14.82	510,230
Transfers	£ 0.00	—
Granted	£13.64	73,100
Exercised	£ 9.08	(31,267)
Lapsed	£15.56	(61,328)
At 1 January 2014	£14.92	490,735
Transfers	£ 0.00	—
Granted	£ 0.00	—
Exercised	£11.30	(15,850)
Lapsed	£13.48	(118,259)
At 1 January 2015	£16.22	356,626
Transfers	£ 0.00	—
Granted	£ 0.00	—
Exercised	£17.85	(59,050)
Lapsed	£15.78	(297,576)
At 30 June 2015	£ 0.00	—

Share scheme arrangements with the former parent have all lapsed following the acquisition.

Exercisable at period end	31 December 2012	31 December 2013	31 December 2014	30 June 2015
Weighted average exercise price	£ 11.01	£ 12.33	£ 12.96	£0.00
Number of options	79,443	46,068	30,885	—

The level of vesting of these options will be determined by reference to certain performance targets. If the performance criteria have been met, these options, or portion thereof as appropriate, may be exercised after the expiration of three years from their date of grant. All options granted have a life of ten years.

The weighted average fair value assigned to options granted under the 2010 Share Option Scheme, which was computed in accordance with the trinomial valuation methodology, was €3.61. Due to the immateriality of the share option expense in 2014, detailed fair value disclosures have not been included.

Savings related share option scheme

	Weighted average exercise price	Number of options outstanding
At 1 January 2012	£11.93	381,885
Granted	£11.55	153,546
Exercised	£11.36	(32,241)
Lapsed	£11.94	(134,283)
At 1 January 2013	£11.82	368,907
Granted	£12.22	102,919
Exercised	£13.21	(21,440)
Lapsed	£12.77	(75,897)
At 1 January 2014	£11.65	374,489
Granted	£14.94	123,176
Exercised	£11.26	(107,528)
Lapsed	£12.61	(35,680)
At 1 January 2015	£12.81	354,457
Granted	£ 0.00	—
Exercised	£12.02	(134,003)
Lapsed	£12.82	(73,849)
At 30 June 2015	£13.17	146,605

Exercisable at period end	31 December 2012	31 December 2013	31 December 2014	30 June 2015
Weighted average exercise price	£11.36	£14.49	—	£ 13.17
Number of options	1,690	277	—	146,605

All employees that held options under the Savings Related Share Option Scheme at the time of acquisition were provided a 6 month period to exercise all outstanding options. The options exercisable and outstanding at the end of the 30 June 2015 equalled 146,605.

Analysis of savings related share options—outstanding at end of the year

	2012		2013		2014	
Options by exercise price Exercise prices	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
£14.49	21,120	1.0	277	—	—	—
£11.36	48,059	1.8	45,286	1.0	—	—
£13.13	52,890	1.4	9,931	2.0	9,686	0.3
£11.19	109,075	2.7	99,077	1.3	28,589	1.1
£11.55	137,763	3.5	122,310	2.4	114,909	0.7
£12.22	—	—	97,608	3.4	87,849	1.7
£14.94	—	—	—	—	113,424	2.9
Total outstanding as at 31 December	368,907		374,489		354,457	

The weighted average fair values assigned to options issued under the Savings Related Share Option Schemes, which were computed in accordance with the trinomial valuation methodology, were as follows:

	Denominated in £*	
	3 year	5 year
Granted during 2014 (amounts in €)	3.74	5.25
Granted during 2013 (amounts in €)	4.44	5.13
Granted during 2012 (amounts in €)	3.63	3.98

* € equivalents at the date of the grant

	2012		2013		2014	
	3 year	5 year	3 year	5 year	3 year	5 year
Weighted average exercise price	£ 11.55	£ 11.55	£ 12.22	£ 12.22	£ 14.94	£ 14.94
Risk free interest rate (%)	0.33	0.80	0.02	0.31	0.19	0.59
Expected dividend payments over the expected life (€ cent)	£191.28	£325.25	£191.28	£325.50	£191.28	£325.25
Expected volatility (%)	35.40	33.80	31.30	33.70	22.70	30.30
Expected life in years	3	5	3	5	3	5

The expected volatility was determined using an historical sample of 37 month-end CRH plc share prices in respect of the three-year savings related share options and 61 month-end share prices in respect of the five-year savings related share options. The expected lives of the options are based on historical data and are therefore not necessarily indicative of exercise patterns that may materialise. Other than the assumptions listed above, no other features of options grants were factored into the determination of fair value.

2014 Performance Share Plan

The structure of CRH plc's 2014 Performance Share Plan is set out below. An expense of £43,000 was recognised in the income statement in 2014.

Details of awards granted to employees of the Company under the CRH plc 2014 Performance Share Plan

			Number of shares	
	Share price at date of award	Period to earliest release date	Initial award	Net outstanding
Granted in 2014	£16.33	3 years	21,510	21,510

75% of vesting is subject to Total Shareholder Return (TSR) performance against CRH plc sector peers, while the remaining 25% of vesting is subject to a cumulative cash flow target. A small number of awards are subject only to a three year service period (i.e. no performance conditions).

The fair value assigned to the portion of awards which are subject to TSR performance was €10.88. The fair value of these awards was calculated using a TSR pricing model taking account of peer Group TSR, volatilities and correlations together with the following assumptions:

	2014
Risk free interest rate (%)	0.13
Expected volatility (%)	21.9

The expected volatility was determined using a historical sample of 37 month-end CRH plc share prices.

The fair value of (i) the portion of awards subject to cash flow performance and (ii) the awards with no performance conditions (which are subject to a three year service period) was €20.49. The fair value was calculated using the closing CRH plc share price at the date the award was granted. Awards vest only if all performance and service conditions are met. No expense is recognised for awards that do not ultimately vest. At the balance sheet date the estimate of the level of vesting is reviewed and any necessary adjustment to the share based payment expense is recognised in the income statement.

Ordinary B Shares

On 26 February 2015 certain members of management were issued with 80,000 ordinary B shares in Figgs Topco Limited for a consideration of £7.55 per share.

B shareholders are entitled to a certain percentage of any proceeds received in the event of a sale of the business. The percentage receivable is dependent on the level of return on investment made by the ultimate parent and can range from 0% - 12.5%.

Holders of vested B shares are entitled to receive the proceeds as set out above, holders of unvested B shares are only entitled to ever receive the original equity cost paid by management for the shares at grant. Provided that the holder remains in employment a proportion of the shares cliff vest on each anniversary from grant until the fifth anniversary when all awards will have vested. All unvested awards will automatically vest on an exit event.

	Number of awards
At the beginning of the period	—
Granted	80,000
Forfeited	—
Sold	—
Expired	—
At the end of the period	80,000

The fair value of the awards at the date of grant has been measured using a binomial option pricing model which takes into account a number of possible outcomes and weights the likelihood of each.

	Assumptions
Term	1-3 years
Equity price	£ 7.55
Risk free rate	0.56% - 0.77%
Volatility	400%
Dividend yield	0%
Fair value per share	£ 12.97
Subscription price	£ 7.55

The total charge for the period relating to the scheme is £215,000 (2014: £nil).

27. OPERATING LEASES AND COMMITMENTS

The Group as lessee

Commitments under non cancellable operating leases due are as follows:

	31 December 2012			31 December 2013		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 year	2,850	3,077	5,927	2,798	3,431	6,229
Between two and five years	9,074	5,901	14,975	8,310	6,375	14,685
After 5 years	24,189	345	24,534	22,853	148	23,001
	36,113	9,323	45,436	33,961	9,954	43,915

	31 December 2014			30 June 2015		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 year	2,791	4,089	6,880	2,902	3,847	6,749
Between two and five years	7,422	7,032	14,454	8,435	6,697	15,132
After 5 years	21,266	188	21,454	21,541	128	21,669
	31,479	11,309	42,788	32,878	10,672	43,550

The Group is lessee on a number of properties in addition to plant and machinery which it uses in its operations. The operating leases run for a variety of terms and their non-cancellable commitments are set out above. There is no material contingent rent payable, renewal or purchase options, escalation clauses or restrictions imposed by the lease agreements.

The Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Within 1 year	523	489	430	421
Between two and five years	1,515	1,292	1,028	917
After 5 years	2,095	2,069	1,777	1,680
	4,133	3,850	3,235	3,018

The Group acts as lessor on a number of properties where it leases surplus land not currently utilised by the business. The operating leases run for a variety of terms and their future minimum lease payments receivable are set out above.

Capital commitments

Capital expenditure contracted for not yet incurred at the balance sheet date is as follows:

	31 December 2012	31 December 2013	31 December 2014	30 June 2015
	£'000	£'000	£'000	£'000
Amount contracted for which has not been provided	6,003	180	83	3,614

28. GROUP SUBSIDIARIES

Figgs Topco Limited, incorporated on 28 November 2014, had the following subsidiaries as at 30 June 2015:

Entity	Principal activity	Country of incorporation	Proportion of ordinary shares held directly by the Parent	Proportion of ordinary shares held by the Group
Figgs Midco Limited*	Holding Company	UK	100%	100%
Figgs Newco Limited*	Holding Company	UK	100%	100%
Ibstock Building Products Limited*	Holding Company	UK	100%	100%
Figgs Bidco Limited*	Holding Company	UK	100%	100%
Figgs Bidco 2 Limited*	Holding Company	UK	100%	100%
Ibstock Group Limited	Holding Company	UK	100%	100%
Forticrete Ltd	Manufacturer of concrete products	UK	100%	100%
Home Building Supplies Ltd	Sale and distribution of building materials	UK	100%	100%
Baldwin Industries Ltd	Holding Company	UK	100%	100%
Anderton Concrete Products Ltd	Manufacturer and supplier of precast and prestressed concrete products	UK	100%	100%
Oakhill Holdings Ltd	Holding Company	UK	100%	100%
Supreme Concrete Ltd	Manufacturer and supplier of precast and prestressed concrete products	UK	100%	100%
Gee-Co Holdings Ltd	Dormant	UK	100%	100%
Ibstock Brick Holding Company Ltd	Holding Company	UK	100%	100%
Ibstock Brick Ltd	Brick manufacturer	UK	100%	100%
Ibstock Leasing Ltd	Dormant	UK	100%	100%
Ibstock Mgt Services Ltd	Dormant	Jersey	100%	100%
Ibstock Finance Co Ltd	Dormant	Jersey	100%	100%
Kevington Building Products Ltd	Dormant	UK	100%	100%

Entity	Principal activity	Country of incorporation	Proportion of ordinary shares held directly by the Parent	Proportion of ordinary shares held by the Group
Ibstock Brick Leicester Ltd	Dormant	UK	100%	100%
Ibstock Brick Aldridge Ltd	Dormant	UK	100%	100%
Ibstock Brick Himley Ltd	Dormant	UK	100%	100%
Ibstock Westbrick Ltd	Dormant	UK	100%	100%
Ibstock Brick Aldridge Property Ltd	Dormant	UK	100%	100%
Moore & Sons Ltd	Dormant	UK	100%	100%
Manchester Brick & Precast Ltd	Dormant	UK	100%	100%
Ibstock Brick Nostell Ltd	Dormant	UK	100%	100%
Ibstock Brick Roughdales Ltd	Dormant	UK	100%	100%
Ibstock Brick Cattybrook Ltd	Dormant	UK	100%	100%
Ibstock Hathernware Ltd	Dormant	UK	100%	100%
Ibstock Bricks (1996) Ltd	Dormant	UK	100%	100%
Wealdbeam Systems Ltd	Dormant	UK	100%	100%
Loopfire Systems Ltd	Dormant	UK	100%	100%
Glen-Gery Corporation	Brick manufacturer	USA	100%	100%
Landmark Stone Products LLC	Stone manufacturer	USA	100%	100%
Redfield Quarry LLC	Dormant	USA	100%	100%

The country of incorporation is the same as the place of business for all the above entities.

* These companies were incorporated on 28 November 2014 with the exception of Figgs Bidco 2 Limited which was incorporated on 30 January 2015.

All subsidiary undertakings are included in the combined and consolidated financial statements. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held. The Parent Company does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

29. RELATED PARTY TRANSACTIONS

	Transaction amount				
	Year ended 31 December 2012 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2014 £'000	6 months ended 30 June 2014 (unaudited) £'000	6 months ended 30 June 2015 £'000
Sale of goods:					
CRH UK Limited	197	172	233	106	40
Oldcastle Inc	1,057	1,010	891	394	95
Purchase of goods:					
CRH UK Limited	435	1,314	2,042	1,289	149
Oldcastle Inc	516	526	579	201	74
Purchase of services:					
CRH UK Limited	1,555	1,392	1,449	726	—
Oldcastle Inc	781	845	764	387	—
Bain Capital Partners LLC	—	—	—	—	4,366

	Year ended 31 December 2012 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2014 £'000	6 months ended 30 June 2015 £'000
Loan to CRH UK Limited				
At 1 January	168,991	172,521	203,725	—
Loans advanced during the period	1,117	28,891	19,200	—
Loans repaid during the period	—	—	(224,863)	—
Interest charged	3,421	2,414	1,938	—
Interest received	(1,008)	(101)	—	—
At period end	172,521	203,725	—	—

During February 2015 a dividend of £22,000,000 (2014: £224,863,000) was paid to CRH UK Limited by the Group.

	Year ended 31 December 2012 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2014 £'000	6 months ended 30 June 2015 £'000
Loan from Oldcastle Inc				
At 1 January	19,400	20,548	23,430	12,979
Loans advanced during the period	288	1,729	—	6,253
Loans repaid during the period	—	—	(13,307)	—
Loan settled via capital contribution	—	—	—	(19,840)
Interest charged	1,712	1,812	2,069	109
Exchange Movement	(852)	(659)	787	499
At period end	20,548	23,430	12,979	—

In 2014 the Tannochside site was sold to a fellow subsidiary of CRH UK Limited for £4.1m, which resulted in a profit on disposal of £0.5m after the deduction of relevant selling costs.

During 2014 Glen-Gery Corporation sold property, plant, and equipment to Oldcastle Inc at net book value of £11.8m.

Included in debtors at 30 June 2015 is an interest free loan totalling £346,000 (31 December 2014: £346,000. 31 December 2013: £nil, 31 December 2012: £nil) to a UK director for relocation purposes. The amount has remained unchanged throughout 2015.

In February 2015 Oldcastle Inc, the former parent company of Glen-Gery Corporation, waived their right to receive settlement of the loan balance of £19,840,000 by way of a capital contribution, prior to acquisition.

The shareholder loan notes held by the Group (note 20) are owed to Diamond (BC) S.à r.l., an indirect subsidiary of Bain Capital.

Transactions with related parties during the period also include management subscriptions for shares of £0.6m, see note 26.

30. POST BALANCE SHEET EVENTS

Ibstock plc was incorporated on 3 September 2015 to serve as the holding Company of Figgs Topco Limited and its subsidiaries for the purposes of listing on the London Stock Exchange.

Since the balance sheet date no further subsequent events requiring further disclosure or adjustments to these financial statements have been identified.

31. ULTIMATE CONTROLLING PARTY

Prior to acquisition, the ultimate controlling party was CRH plc. On 26 February 2015, Bain Capital Partners LLC became the ultimate controlling party of the Group. The immediate parent company of Figgs Topco Limited is Diamond (BC) S.à r.l..

32. RESERVES AT ACQUISITION

Accumulated losses of £1,299,000 were transferred to retained earnings from invested capital on 26 February 2015 reflecting the position of the Company at this date.

33. OTHER RESERVES

Other reserves comprise contingent consideration on acquisition and post acquisition currency translation differences arising on the translation of a foreign subsidiary. At 30 June 2015 contingent consideration was £1,109,000 and accumulated currency translation differences were (£2,177,000).

PART 12
UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A – ACCOUNTANT'S REPORT ON THE UNAUDITED FINANCIAL INFORMATION

The Directors
Ibstock plc
Leicester Road
Ibstock
Leicestershire
LE67 6HS

22 October 2015

Dear Sirs

We report on the pro forma financial information (the "**Pro Forma Financial Information**") set out in Part 12 of the Prospectus dated 22 October 2015, which has been prepared on the basis described in Notes 2 to 5, for illustrative purposes only, to provide information about how the conversion of the Shareholder Loan Notes and Preference Shares as part of the pre-Admission Reorganisation, the use of net proceeds from the offer of New Ordinary Shares to repay certain borrowings and the refinancing of the Senior Facilities Agreement might have affected the financial information presented on the basis of the accounting policies to be adopted by Ibstock plc in preparing the financial statements for the period ending 31 December 2015. This report is required by item 7 of Annex II of Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) No 809/2004, consenting to its inclusion in the Prospectus.

Responsibilities

It is the responsibility of the Directors of Ibstock plc to prepare the Pro Forma Financial Information in accordance with items 1 to 6 of Annex II of Commission Regulation (EC) No 809/2004.

It is our responsibility to form an opinion, as required by item 7 of Annex II of Commission Regulation (EC) No 809/2004, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors of Ibstock plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Ibstock plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Ibstock plc.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) No 809/2004.

Yours faithfully

Ernst & Young LLP

SECTION B – UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the impact on the Group's net assets of the conversion of the Shareholder Loan Notes and Preference Shares as part of the pre-Admission Reorganisation, the use of net proceeds from the offer of New Ordinary Shares to repay certain borrowings and the refinancing of the Group's secured borrowings under the Senior Facilities Agreement as if they occurred as at 30 June 2015. The unaudited pro forma information is based on the historical financial information of the Group as at 30 June 2015 as contained in *Part 11*: "*Historical Financial Information*" and has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results following the matters referred to above.

The unaudited pro forma statement of net assets has been prepared in accordance with the basis set out below consistent with the accounting policies of the Group set out in Note 2 to the Historical Financial Information in Part 11 of the Prospectus, and in accordance with Annex II to the PD Regulation. It should be read in conjunction with the notes below.

		Adjustments			
	Historical financial information as at 30 June 2015	*Pre-Admission Reorganisation*	*Offer proceeds and Post-Admission Repayment of Debt*	*Refinancing*	*Unaudited pro forma net assets as at 30 June 2015*
Notes	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Non-current assets					
Goodwill	—	—	—	—	—
Other intangible assets	130,827	—	—	—	130,827
Property, plant and equipment	342,058	—	—	—	342,058
Investment properties	—	—	—	—	—
Deferred tax asset	—	—	—	—	—
Trade and other receivables	9,000	—	—	—	9,000
Total non-current assets	481,885	—	—	—	481,885
Current assets					
Non-current assets held for sale	—	—	—	—	—
Inventories	79,480	—	—	—	79,480
Derivative financial instrument	—	—	—	—	—
Trade and other receivables	71,853	—	—	—	71,853
Cash and cash equivalents	33,687	—	428	—	34,115
Total current assets	185,020	—	428	—	185,448
Total assets	666,905	—	428	—	667,333
Current liabilities					
Trade and other payables	(71,990)	—	—	—	(71,990)
Provisions	—	—	—	—	—
Derivative financial instrument	(325)	—	—	—	(325)
Borrowings	—	—	—	(15,000)	(15,000)
Current tax liabilities	(1,335)	—	—	—	(1,335)
Total current liabilities	(73,650)	—	—	(15,000)	(88,650)
Non-current liabilities					
Trade and other payables	(4,321)	—	—	—	(4,321)
Borrowings	(407,245)	98,865	85,572	15,000	(207,808)
Post-employment benefit obligations	(29,434)	—	—	—	(29,434)
Deferred tax liabilities	(52,022)	—	—	—	(52,022)
Provisions	(12,513)	—	—	—	(12,513)
Total non-current liabilities	(505,535)	98,865	85,572	15,000	(306,098)
Total liabilities	(579,185)	98,865	85,572	—	(394,748)
Net assets	87,720	98,865	86,000	—	272,585

Notes:

1. The financial information of the Group as at 30 June 2015 has been extracted without material adjustment from *Part 11*: "*Historical Financial Information*".

2. As part of the pre-Admission Reorganisation, the Shareholder Loan Notes of £53.8 million and the Preference Shares of £45.0 million will be converted into Ordinary Shares. No adjustment has been made to reflect the interest or dividends that will accrue on the Shareholder Loan Notes and the Preference Shares following 30 June 2015.
3. Net proceeds from the Offer of £83.0 million is calculated on the basis that the Company issued 52,631,578 new Ordinary Shares of one pence par value at a price of 190 pence per share, net of estimated expenses of £17.0 million, which include Offer-related fees and expenses of £4.3 million paid to Bain Capital consisting of a £1.2 million final consulting fee and a £3.1 million transaction fee. Of these estimated expenses of £17 million, £14 million relates to Offer-related fees and expenses, and £3 million relates to fees relating to the New Facilities Agreement. As part of the post-Admission Reorganisation, net proceeds from the Offer and £3.0 million from the New Facilities Agreement to cover fees relating to that facility will be used to repay certain borrowings (£85.6 million as at 30 June 2015, which includes £23.8 million related to make-whole premiums arising from the early repayment of the Group's secured borrowings under the Senior Facilities Agreement, £7.9 million in costs associated with the refinancing of the Senior Facilities and £3.9 million in payments of accrued interest on the Senior Facilities).
4. On 12 September 2015, the Group entered into a New Facilities Agreement which provides for a £200 million term loan and a £40 million revolving credit facility. The new term loan, along with proceeds from the Offer, will be used to refinance existing borrowings. £15 million of the term loan is repayable 12 months from the commencement of the facility and each year thereafter. The costs of £3 million relating to the New Facilities Agreement have been capitalised within Borrowings and will be amortised over the period of the loan.
5. No adjustment has been made to reflect any trading or other transactions undertaken by the Group since 30 June 2015. The Company was incorporated post 30 June 2015 and hence there is no historical financial information available for the Company.

PART 13
DETAILS OF THE OFFER

1. Ordinary Shares subject to the Offer

The Offer comprises an offer of: (i) 52,631,578 New Ordinary Shares to be issued by the Company raising primary proceeds of approximately £83.0 million (net of underwriting commissions, other estimated Offer-related fees and expenses and VAT of approximately £17.0 million); and (ii) 109,568,422 Existing Ordinary Shares to be sold by the Selling Shareholders, raising aggregate proceeds of approximately £200.9 million (net of underwriting commissions, other estimated Offer-related fees and expenses, VAT and stamp duty of approximately £7.3 million and assuming no exercise of the Over-allotment Option).

In addition, up to a further 24,330,000 Over-allotment Shares (representing up to a maximum of 15% of the total number of Offer Shares) are being made available by the Over-allotment Shareholder pursuant to the Over-allotment Option described below. The Company will not receive any proceeds from the sale of Existing Ordinary Shares (all of which will be paid to the Selling Shareholders), or the proceeds from the sale of the Over-allotment Shares pursuant to the Over-allotment Option (all of which will be paid to the Over-allotment Shareholder).

The Existing Ordinary Shares will be diluted by the issue of 52,631,578 New Ordinary Shares pursuant to the Offer. The New Ordinary Shares to be issued pursuant to the Offer will represent approximately 14.9% of the existing Ordinary Share capital of the Company, and approximately 13.0% of the enlarged Ordinary Share capital of the Company immediately following Admission.

2. The Offer

The Offer is being made by way of: (i) an offer of the Offer Shares to certain institutional investors in the United Kingdom and elsewhere outside the United States in compliance with Regulation S; and (ii) in the United States to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

The distribution of this Prospectus and the offer and sale of the Offer Shares are subject to the restrictions set out in paragraph 15: "*Selling restrictions*" in this *Part 13*.

When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BYXJC278 and SEDOL number BYXJC27 and it is expected that the Ordinary Shares will be traded under the ticker symbol "IBST".

The Offer Shares being issued or sold pursuant to the Offer will, on Admission, rank equally in all respects with the Ordinary Shares in issue, including for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company. The Offer Shares will, immediately on and from Admission, be freely transferable, subject to the Articles. The rights attaching to the Offer Shares, and any Over-allotment Shares sold pursuant to the Over-allotment Option, will be uniform in all respects and they will form a single class for all purposes.

Immediately following Admission, it is expected that approximately 40.0% of the Company's issued Ordinary Share capital will be held in public hands (within the meaning of paragraph 6.1.19R of the Listing Rules) assuming no Over-allotment Shares are acquired pursuant to the Over-allotment Option (increasing to approximately 46.0% if the maximum number of Over-allotment Shares are acquired pursuant to the Over-allotment Option).

3. Reasons for the Offer and use of proceeds

The Directors believe that the Offer and Admission will:

(a) support the Company's growth plans;

(b) give the Company access to a wider range of capital-raising options which may be of use in the future;

(c) further improve the ability of the Company to recruit, retain and incentivise its key management and employees;

(d) create a liquid market in the Ordinary Shares for existing and future shareholders; and

(e) provide the Selling Shareholders with an opportunity for a partial realisation of their respective shareholdings in the Company.

The total net proceeds receivable by the Company from the Offer are estimated to be approximately £83.0 million, after bearing underwriting commissions, other estimated Offer-related fees and expenses and VAT of £17.0 million. The Company intends to use the net proceeds it receives from the Offer and £3.0 million from the New Facilities Agreement to cover fees relating to that facility to repay the amount of £50 million plus a make-whole premium of £23.8 million on the existing Senior Facilities Agreement term loan facilities, £7.9 million in costs associated with the refinancing of the Senior Facilities and £3.9 million in payments of accrued interest on the Senior Facilities. The sale of Existing Ordinary Shares will provide the Selling Shareholders and certain of the Directors and Senior Managers with an opportunity for a partial realisation of their respective shareholdings in the Company.

4. The Selling Shareholders

The following table sets out the interests of the Selling Shareholders in the Company's Ordinary Shares immediately prior to and immediately following the Offer:

Selling Shareholders	Ordinary Shares owned immediately prior to the Offer[(1)]	Ordinary Shares to be sold in the Offer (assuming no exercise of the Over-allotment Option)	Ordinary Shares owned following Admission (assuming no exercise of the Over-allotment Option)		Ordinary Shares to be sold in the Offer (assuming Over-allotment Option is exercised in full)	Ordinary Shares owned following Admission (assuming Over-allotment Option is exercised in full)	
			No.	%		No.	%
Diamond (BC) S.à r.l.	319,800,390	104,769,955	215,030,435	53.03%	129,099,955	190,700,435	47.03%
Wayne Sheppard	13,227,213	1,919,386	11,307,827	2.79%	1,919,386	11,307,827	2.79%
Kevin Sims	8,597,688	1,247,601	7,350,087	1.81%	1,247,601	7,350,087	1.81%
John Richards	7,274,967	1,055,664	6,219,303	1.53%	1,055,664	6,219,303	1.53%
Mark Richmond	3,968,164	575,816	3,392,348	0.84%	575,816	3,392,348	0.84%

Notes:

(1) The interests of Ordinary Shares as at the date of this document have been stated on the basis that the steps described in paragraph 2 of *Part 14 Additional Information* have been completed in full.

The business addresses of the Selling Shareholders are:

(a) Devonshire House, Mayfair Place, London W1J 8AJ (Diamond (BC) S.à r.l.);

(b) Leicester Road, Ibstock, Leicester, Leicestershire LE67 6HS (the Individual Selling Shareholders).

5. Pricing

Under the Offer, all the Offer Shares will be sold, payable in full at the Offer Price. The latest time and date for indications of interest in acquiring Offer Shares is set out in Part 4: "*Expected Timetable of Principal Events and Offer Statistics*" but that time may be extended at the discretion of the Company and the Selling Shareholders (with the agreement of the Joint Global Co-ordinators).

Participants in the Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following pricing and allocation. Prospective investors in the Offer will be committed to acquiring the number of Ordinary Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment.

6. Dealing arrangements

Application will be made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List and application will be made to the London Stock Exchange for those Ordinary Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange at 8:00 a.m. on 22 October 2015. The earliest date for settlement of such dealings will be 27 October 2015, being the third trading day after the commencement of conditional dealings. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8:00 a.m. on 27 October 2015. Settlement of dealings from that date will be on a two-trading day rolling basis.

All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued basis", will be of no effect if Admission does not take place, and will be at the sole risk of the parties concerned. The above mentioned dates and times may be changed without further notice.

Each investor will be required to undertake to pay the Offer Price for the Offer Shares sold to such investor in such manner as shall be directed by the Underwriters. It is expected that Ordinary Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account(s) shall be at the sole risk of the persons concerned.

Following Admission, the Ordinary Shares held by the Institutional Selling Shareholder, the Individual Selling Shareholders and the Directors will, in each case be subject to the lock-up arrangements described in paragraph 11 "*Lock-up arrangements and exceptions*" of this *Part 13*.

7. Stabilisation and Over-allotment Option

In connection with the Offer UBS Limited (the "**Stabilising Manager**") or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares or effect other transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange and ending no later than the 30th calendar day thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 15% of the total number of Ordinary Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Ordinary Shares effected by it during the stabilising period, it is expected that the Over-allotment Shareholder will grant the Stabilising Manager an Over-allotment Option pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Ordinary Shares up to a maximum of 15% of the total number of Ordinary Shares comprised in the Offer at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares, will be purchased on the same terms and conditions as the Ordinary Shares being issued or sold in the Offer and will form a single class for all purposes with the other Ordinary Shares. Assuming the Over-allotment Option is exercised in full, the Offer will be up to 186,530,000 Ordinary Shares.

8. CREST

CREST is a paperless settlement system enabling securities to be transferred from one person's CREST account to another person's CREST account without the need to use share certificates or written instruments of transfer. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and, also with effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

9. Underwriting arrangements

The Company, the Directors, the Institutional Selling Shareholder, the Registrar (for itself and as agent for and on behalf of each Individual Selling Shareholder pursuant to the Deeds of Election) and the Underwriters have entered into the Underwriting Agreement pursuant to which, on the terms and subject to certain conditions contained therein (which are customary in agreements of this nature), the Underwriters have severally agreed to

use their reasonable endeavours to procure purchasers and/or subscribers for the Offer Shares and failing which the Underwriters will purchase and/or subscribe for such Offer Shares.

The Underwriting Agreement contains provisions which entitle the Underwriters to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse. The Offer is conditional upon, inter alia, Admission occurring not later than 8:00 a.m. on 27 October 2015 (or such later date and time as may be agreed in accordance with the terms of the Underwriting Agreement) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms. Certain conditions contained in the Underwriting Agreement are related to events which are outside the control of the Company, the Directors, the Selling Shareholders and the Underwriters.

The Underwriting Agreement provides for the Underwriters to be paid a commission in respect of the Offer Shares sold. Any commissions received by the Underwriters may be retained and any Offer Shares acquired by them may be retained or dealt in by them for their own benefit.

All Offer Shares issued or sold pursuant to the Offer will be issued or sold at the Offer Price. Further details of liability for UK stamp duty and SDRT are set out in *Part 14: "Additional Information – UK taxation"* and *Part 14: "Additional Information – US federal income taxation"* of this Prospectus. Further details of the terms of the Underwriting Agreement are set out in *Part 14*: "*Additional Information – Underwriting arrangements*" of this Prospectus.

10. Stock Lending Agreement

In connection with settlement and stabilisation, UBS Limited as Stabilising Manager, has entered into the Stock Lending Agreement with the Over-allotment Shareholder. Pursuant to the Stock Lending Agreement, the Stabilising Manager will be able to borrow from the Over-allotment Shareholder up to a maximum of 15% of the total number of Offer Shares (excluding the Ordinary Shares subject to the Over-allotment Option) for the purposes, amongst other things, of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Offer. If the Stabilising Manager borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be required to return equivalent shares to the Over-allotment Shareholder in accordance with the terms of the Stock Lending Agreement.

11. Lock-up arrangements and exceptions

11.1 Lock-up in relation to the Company

Pursuant to the Underwriting Agreement, the Company has entered into certain lock-up arrangements pursuant to which it has agreed that, subject to the exceptions described below, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters) (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue or issue or sell options in respect of or otherwise dispose of, directly or indirectly, or announce an offering or issue of any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing.

The restrictions described in the preceding paragraph shall not apply in respect of:

(a) the issue of Ordinary Shares pursuant to the Offer; or

(b) Ordinary Shares issued under or in connection with any employee or share option scheme described in this Prospectus; or

(c) disposal of Ordinary Shares pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986 in relation to the Company.

11.2 Lock-up in relation to Directors

Pursuant to the Underwriting Agreement, each of the Directors has entered into certain lock-up arrangements pursuant to which he or she has agreed that, subject to the exceptions described below, during the period of 365 days from the date of Admission he or she will not, without the prior written consent of the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters) (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue or sell options in respect of or otherwise dispose of, directly or indirectly, or announce an offering or

issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing.

The restrictions described in the preceding paragraph shall not:

(a) apply in respect of any disposal of Ordinary Shares by the personal representatives of a Director who dies during the period in which the Ordinary Shares are locked-up; and

(b) prohibit a Director from:

  (i) selling Ordinary Shares pursuant to, and subject to the terms and conditions of, the Offer;

  (ii) accepting a general offer made to all holders of Ordinary Shares in accordance with the City Code on terms which treat all such holders alike (including the execution of an irrevocable commitment or undertaking to accept such general offer);

  (iii) disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares;

  (iv) effecting a transfer or disposal pursuant to a compromise or arrangement between the Company and its creditors (or any class of them) which is agreed to by the creditors or members in accordance with applicable law; or

  (v) subject to the relevant transferee first agreeing to adhere to restrictions set out in the Underwriting Agreement in respect of the Ordinary Shares, effecting a transfer for bona fide purposes of Ordinary Shares to any connected person (within the meaning of section 252 of the Act) of the relevant Director or to a trust whose beneficiaries comprise such connected persons.

11.3 Lock-up in relation to the Selling Shareholders

Pursuant to the Underwriting Agreement (in the case of Institutional Selling Shareholder) and the Deeds of Election (in the case of the Individual Selling Shareholders), the Selling Shareholders have entered into certain lock-up arrangements pursuant to which they have agreed that, subject to the exceptions described below, during the period of 180 days (in the case of the Institutional Selling Shareholder) and 365 days (in the case of the Individual Selling Shareholders) from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters) (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing.

The restrictions described in the preceding paragraph shall not (i) apply in respect of any disposal of Ordinary Shares by the personal representative of an Individual Selling Shareholder who dies in the period in which the Ordinary Shares are locked-up or (ii) prohibit a Selling Shareholder from:

(a) selling Ordinary Shares pursuant to, and subject to the terms and conditions of, the Offer;

(b) accepting a general offer made to all holders of Ordinary Shares in accordance with the City Code on terms which treat all such holders alike (including the execution of an irrevocable commitment or undertaking to accept such general offer);

(c) disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares;

(d) effecting a transfer or disposal pursuant to a compromise or arrangement between the Company and its creditors (or any class of them) which is agreed to by the creditors or members in accordance with applicable law;

(e) in the case of the Individual Selling Shareholders only, subject to the relevant transferee first agreeing to adhere to restrictions set out in the Underwriting Agreement in respect of the Ordinary Shares, effecting a transfer for bona fide purposes of Ordinary Shares to any holding company of the relevant Institutional Selling Shareholder and any subsidiaries of the relevant Institutional Selling Shareholder or of any such holding companies; or

(f) in the case of the Institutional Selling Shareholder only, entering into, or transferring Ordinary Shares in accordance with the terms of, the Stock Lending Agreement.

12. Conditionality of the Offer

The Offer is subject to the satisfaction of conditions which are customary for transactions of this type as set out in the Underwriting Agreement, including, among others, Admission occurring and becoming effective by no later than 8:00 a.m. on 27 October 2015 or such later time and/or date as may be agreed in accordance with the terms of the Underwriting Agreement, and the Underwriting Agreement not having been terminated in accordance with its terms. See *Part 14*: "*Additional Information – Underwriting arrangements*" for further details about the underwriting arrangements.

The Company, the Directors, the Selling Shareholders and the Joint Global Co-ordinators (on behalf of the Underwriters) expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Offer will be returned to applicants without interest.

13. Withdrawal rights

If the Company is required to publish any supplementary prospectus, applicants who have applied for Offer Shares under the Offer shall have at least two clear business days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Offer Shares in its entirety. The right to withdraw an application to acquire Offer Shares in these circumstances will be available to all investors under the Offer. If the application is not withdrawn within the stipulated period, any application to apply for Offer Shares under the Offer will remain valid and binding.

Details of how to withdraw an application will be made available if a supplementary prospectus is published. Any supplementary prospectus will be published in accordance with the Prospectus Rules (and notification thereof will be made to a Regulatory Information Service) but will not be distributed to investors individually. Any such supplementary prospectus will be published online at www.ibstockplc.com and available in printed form free of charge at the registered office of the Company until 14 days after Admission.

14. Allocations under the Offer

The allocation of Offer Shares among prospective investors will be determined jointly by the Company and the Major Shareholder in conjunction with the Joint Global Co-ordinators. All Ordinary Shares sold pursuant to the Offer will be sold, payable in full, at the Offer Price. No commissions, fees, expenses or taxes will be charged to investors by the Company or the Selling Shareholders under the Offer. Liability for UK stamp duty and SDRT is described in Part 14: "*Additional Information – UK taxation*" of this Prospectus.

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment. Dealing may not begin before notification is made. A number of factors have been considered in determining the Offer Price and basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares and the objective of establishing an orderly and liquid after-market in the Ordinary Shares. The Offer Price and the number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

15. Selling restrictions

The distribution of this Prospectus and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or

jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Ordinary Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or purchase any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

15.1 European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") no Ordinary Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Ordinary Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed with the Underwriters, the Selling Shareholders and the Company that it is a qualified investor within the meaning of the law of the Relevant Member State implementing Article 2(1)(c) of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to subscribe for or purchase any Ordinary Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the prior consent of the Joint Global Co-ordinators, be permitted to acquire Ordinary Shares in the Offer.

15.2 United States

The Ordinary Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the United States and may not be offered or sold within the United States except to qualified institutional buyers, as defined in, and in reliance on Rule 144A under the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Ordinary Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S and in accordance with applicable law. Prospective investors are hereby notified

that the sellers of the Ordinary Shares may be relying on the exemption from the registration requirements under the US Securities Act provided by Rule 144A.

In addition, until 40 days after the commencement of the Offer of the Ordinary Shares an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

15.3 Canada

In Canada, the offering of the Offer Shares is being made on a private placement basis to "accredited investors" that are also "permitted clients" (as such terms are defined under applicable Canadian securities laws) in the Canadian provinces of Alberta, British Columbia, Ontario and Québec only and not in, or to the residents of, any other province or territory of Canada. Each Canadian investor that purchases the Offer Shares will be deemed to have made certain representations, warranties, acknowledgements and agreements. See *Details of the Offer – Notice to Canadian Investors*.

15.4 Hong Kong

The Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than: (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance have been or will be issued, whether in Hong Kong or elsewhere.

15.5 Singapore

The Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person under Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to or in Section 275(1A) or 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law; or

(d) as specified in Section 276(7) of the SFA.

15.6 Switzerland

The Shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange Limited. ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. Neither the Prospectus nor any other offering or marketing material relating to the Offer, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. The Prospectus does not constitute a public offering prospectus pursuant to article 652a of the Swiss Code of Obligations and has been prepared without regard to the disclosure standards for prospectuses under article 652a of the Swiss Code of Obligations the listing rules of SIX and the corresponding prospectus schemes annexed to the listing rules of SIX or the listing rules of any other stock exchange or regulated trading facility in (or from) Switzerland. Neither the Prospectus nor any other offering or marketing material relating to the Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

The Shares are being offered in Switzerland by way of a private placement (i.e., to a limited number of selected investors only), without any public advertisement and only to investors who do not purchase the Shares with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Prospectus, as well as any other material relating to the Shares, is personal and confidential and does not constitute an offer to any other person. This Prospectus, as well as any other material relating to the Shares, may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the Company's express consent.

16. Transfer restrictions

The Ordinary Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Each purchaser of the Ordinary Shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(a) the purchaser is authorised to consummate the purchase of the Ordinary Shares in compliance with all applicable laws and regulations;

(b) the purchaser acknowledges that the Ordinary Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;

(c) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Ordinary Shares, is purchasing the Ordinary Shares in an offshore transaction as defined in and in compliance with Regulation S;

(d) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;

(e) the Ordinary Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;

(f) the purchaser acknowledges that the Company and the Selling Shareholders shall not recognise any offer, sale, pledge or other transfer of the Ordinary Shares made other than in compliance with the above-stated restrictions;

(g) if it is acquiring any of the Ordinary Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(h) the purchaser acknowledges that the Company, the Selling Shareholders and the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Ordinary Shares within the United States purchasing pursuant to an exemption from, or a transaction not subject to, the registration requirements of the US Securities Act will be deemed to have represented and agreed that it has received a copy of this Prospectus and that:

(a) the purchaser is authorised to consummate the purchase of the Ordinary Shares in compliance with all applicable laws and regulations;

(b) the purchaser acknowledges that the Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

(c) the purchaser (i) is a QIB (as defined in Rule 144A under the US Securities Act), (ii) is aware that the sale to it is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and (iii) is acquiring such Ordinary Shares for its own account or for the account of a QIB;

(d) the purchaser is aware that the Ordinary Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the US Securities Act;

(e) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Ordinary Shares, or any economic interest therein, such Ordinary Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in compliance with Regulation S under the US Securities Act, or (iii) in accordance with Rule 144 under the US Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

(f) the purchaser acknowledges that the Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Ordinary Shares;

(g) the purchaser will not deposit or cause to be deposited such Ordinary Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act;

(h) the purchaser acknowledges that the Company and the Selling Shareholders shall not recognise any offer, sale, pledge or other transfer of the Ordinary Shares made other than in compliance with the above-stated restrictions;

(i) if it is acquiring any of the Ordinary Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(j) the purchaser acknowledges that the Company, the Selling Shareholders, the Joint Bookrunners and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

17. Notice to Canadian Investors

The offering of the Offer Shares is being made on a private placement basis in the Canadian provinces of Alberta, British Columbia, Ontario and Québec (the "**Canadian Jurisdictions**") only to investors which are permitted to purchase the Offer Shares under applicable Canadian securities laws as identified by the applicable Underwriters.

This Prospectus is not, and under no circumstances is to be construed as, a prospectus within the meaning of Canadian securities laws, an advertisement or a public offering of the Offer Shares in Canada. No prospectus has been filed with any securities commission or similar authority in Canada in connection with the offering of the Offer Shares. In addition, no securities commission or similar authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Offer Shares and any representation to the contrary is an offence.

This Prospectus is for the use of only those persons to whom it is delivered by the applicable Underwriters in connection with the offering of the Offer Shares in the Canadian Jurisdictions. The offering of the Offer Shares in Canada is being made solely pursuant to this Prospectus and certain other information in respect of the Offer Shares approved for distribution to investors by the Company and the Underwriters, as applicable (which, for greater certainty, shall include any amendment, supplement or notice containing final pricing and other information in respect of the offering of the Offer Shares), and any decision to purchase the Offer Shares should

be based solely on information contained within such documents. No person has been authorised to give any information or to make any representation concerning the offering of the Offer Shares other than as contained herein and, if given or made, any such information or representation may not be relied upon.

The Company and the Selling Shareholders may be considered "connected issuers" of certain or all of the Underwriters as such term is defined in National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"). Canadian investors are advised that the Company and the Underwriters are relying on the exemption under section 3A.3 of NI 33-105 and, therefore, are not required to provide Canadian investors with disclosure pertaining to conflicts of interest and any "connected issuer" and/or "related issuer" relationships that may exist between the Company and the underwriters as otherwise required to be disclosed pursuant to NI 33-105.

Canadian investors are advised that the information contained within this Prospectus has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained or incorporated by reference in this Prospectus and the suitability of an investment in the Offer Shares in their particular circumstances.

Distribution Restrictions

This Prospectus is being delivered solely to enable prospective Canadian investors identified by the Underwriters to evaluate the Offer Shares and an investment in the Offer Shares. The information contained within this Prospectus does not constitute an offer in Canada to any other person, or a general offer to the public, or a general solicitation from the public, to subscribe for or purchase the Offer Shares. The distribution of this Prospectus and the offer and sale of the Offer Shares in certain of the Canadian provinces and territories may be restricted by law. Persons into whose possession this Prospectus comes must inform themselves about and observe any such restrictions.

The distribution of this Prospectus or any information contained herein to any person other than a prospective Canadian investor identified by the Underwriters, or those persons, if any, retained to advise such prospective Canadian investor in connection with the transactions contemplated herein, is unauthorised. Any disclosure, reproduction and/or redistribution of the information contained within this Prospectus without the prior written consent of the Company and the Underwriters is prohibited. Each prospective Canadian investor, by accepting delivery of this Prospectus, will be deemed to have agreed to the foregoing.

Responsibility

Except as otherwise expressly required by applicable law or as agreed to in contract, no representation, warranty or undertaking (express or implied) is made and no responsibilities or liabilities of any kind or nature whatsoever are accepted by the Underwriters or any dealer as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Company, the Selling Shareholders or their respective affiliates in connection with the offering of the Offer Shares.

Resale Restrictions

The distribution of the Offer Shares in the Canadian Jurisdictions is being made on a private placement basis only and is exempt from the requirement that the Company prepares and files a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Offer Shares must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with prospectus and registration requirements or exemptions from the prospectus and registration requirements. These resale restrictions may in some circumstances apply to resales of the Offer Shares outside Canada. Canadian investors are advised to seek legal advice prior to any resale of the Offer Shares, both within and outside Canada.

The Company is not, and may never be, a "reporting issuer", as such term is defined under applicable Canadian securities laws, in any province or territory of Canada and there currently is no public market for any of the securities of the Company in Canada, including the Offer Shares, and one may never develop. Canadian investors are advised that the Company is not required to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Offer Shares to the public in any province or territory of Canada. Canadian investors are further advised that the Company does not currently intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Offer Shares

to the public in any province or territory of Canada. Accordingly, the Offer Shares may be subject to an indefinite hold period under applicable Canadian securities laws unless resales are made in accordance with applicable prospectus requirements or pursuant to an available exemption from such prospectus requirements.

Representations and Warranties of Canadian Investors

Each Canadian investor that purchases the Offer Shares will be deemed to have represented and warranted to the Company, the Selling Shareholders, the Underwriters and each dealer from whom a purchase confirmation is received that:

(i) it is resident in the province of Alberta, British Columbia, Ontario or Québec and is basing its investment decision solely on the final form of this Prospectus and not on any other information concerning the Offer Shares, and recognizes that the final form of this Prospectus supersedes in its entirety any preliminary form of this Prospectus;

(ii) the offer and sale of the Offer Shares in Canada was not made through an advertisement of the Offer Shares in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;

(iii) it has reviewed and acknowledges the terms outlined above in the section entitled "Resale Restrictions" and agrees not to sell the Offer Shares except in compliance with applicable Canadian resale restrictions and in accordance with the terms of the Offer Shares;

(iv) it has reviewed and hereby makes all representations and warranties required to be made by all purchasers of the Offer Shares as set forth within this Prospectus, and it has reviewed and acknowledges all transfer restrictions described within this Prospectus in respect of the Offer Shares;

(v) where required by law, it is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the province in which it is resident, for its own account and not as agent for the benefit of another person;

(vi) it, or any ultimate purchaser for which it is acting as agent, is entitled under applicable Canadian securities laws to purchase the Offer Shares without the benefit of a prospectus qualified under such securities laws and, without limiting the generality of the foregoing:

   a. in the case of an investor resident in the province of Alberta, British Columbia or Québec, the investor is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* ("**NI 45-106**") and a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**"); and

   b. in the case of an investor resident in the province of Ontario, the investor is an "accredited investor" as such term is defined in section 73.3(1) of the *Securities Act* (Ontario) and in section 1.1 of NI 45-106, as applicable, and a "permitted client" as such term is defined in section 1.1 of NI 31-103; and

   it is purchasing the Offer Shares from a dealer that is relying on its registration as an "investment dealer" or "exempt market dealer" within the meaning of applicable Canadian securities laws, or from a dealer that is relying on the "international dealer exemption" contained in section 8.18 of NI 31-103 and it has received the notice from such dealer referred to in section 8.18 of NI 31-103;

(vii) it is not a person created or used solely to purchase or hold the Offer Shares as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

(viii) no person has made any written or oral representations: (i) that any person will resell or repurchase the Offer Shares, (ii) that any person will refund the purchase price of the Offer Shares, or (iii) as to the future price or value of the Offer Shares;

(ix) none of the funds being used to purchase the Offer Shares are, to the best of its knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities; and

   a. the funds being used to purchase Offer Shares and advanced by or on behalf of the investor to the Underwriters do not represent proceeds of crime for the purpose of the *Criminal Code* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (collectively, the "**Anti-Money Laundering Laws**");

   b. it is not a person or entity identified on a list established under any Anti-Money Laundering Law (including, without limitation, Section 83.05 of the *Criminal Code* (Canada)) and the investor is not a

person or entity identified in the legislation or regulations enacting any economic or financial sanctions, laws, regulations, embargoes, or restrictive measures imposed, administered or enforced by Canada, including but not limited to, the provisions of the *United Nations Act* (Canada), the *Special Economic Measures Act* (Canada) or any other economic sanctions laws administered by Foreign Affairs and International Trade Canada or the Department of Public Safety Canada (collectively, "**Canadian Economic Sanctions**");

c. it acknowledges that the Company, the Selling Shareholders and the Underwriters may in the future be required by law to disclose the name of and other information relating to the investor and any purchase of the Offer Shares, on a confidential basis, pursuant to the Anti-Money Laundering Laws and the legislation, regulations or instruments enacting Canadian Economic Sanctions or as otherwise may be required by applicable laws, regulations or rules, and it will be deemed to have agreed to the foregoing;

d. to the best of its knowledge, none of the funds to be provided by or on behalf of the investor to the Underwriters: (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to the investor; and

e. it shall promptly notify the Company, the Selling Shareholders and the Underwriters if it discovers that any of the representations contained in this paragraph (i) ceases to be true, and shall provide the Company, the Selling Shareholders and the Underwriters with appropriate information in connection therewith; and

(x) where required by applicable securities laws, regulations or rules (including any applicable stock exchange rules), it will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the Offer Shares by the investor as may be required by such laws, regulations and rules, or assist the Company, the Selling Shareholders and the Underwriters, as applicable, in obtaining and filing such reports undertakings and other documents.

Collection of Personal Information

Each Canadian investor who purchases the Offer Shares acknowledges that its name, address, telephone number and other specified information, including the number and value of Offer Shares it has purchased and the aggregate purchase price paid by the investor, may be collected, used and disclosed to Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable Canadian laws. The investor consents to the disclosure of such information. In addition, each individual resident of Ontario who purchases the Offer Shares represents to the Company, the Selling Shareholders, the Underwriters and each dealer from whom a purchase confirmation was received, that:

(i) it has been notified by the Underwriters:

a. that the Company and/or the Underwriters may be required to provide certain personal information ("**personal information**") pertaining to the investor as required to be disclosed in Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of any Offer Shares purchased), which Form 45-106F1 may be required to be filed by the Company or the Underwriters under NI 45-106;

b. that such personal information may be delivered to the Ontario Securities Commission (the "**OSC**") in accordance with NI 45-106;

c. that such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario;

d. that such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and

e. that the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684; and

(ii) it has authorised the indirect collection of the personal information by the OSC.

Forward-Looking and Other Information

This Prospectus may contain "forward-looking information" as such term is defined under applicable Canadian securities laws ("**FLI**"). FLI is disclosure regarding possible events, conditions or results of operations that is

based on assumptions about future economic conditions and courses of action and may include future-oriented financial information ("**FOFI**") and information presented in the form of a "financial outlook" with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection.

Canadian investors are advised that FLI is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations as expressed or implied within this Prospectus. FLI reflects current expectations with respect to current events and is not a guarantee of future performance. Any FLI that may be included or incorporated by reference in this Prospectus, including FOFI or a "financial outlook", is presented solely for the purpose of conveying the current anticipated expectations of the Company and may not be appropriate for any other purposes. Canadian investors are therefore cautioned not to place undue reliance on any such FLI and are advised that the Company is not under any obligation to update such information other than as may be required under applicable securities laws and/or as agreed to in contract.

The offering of the Offer Shares is being made by a non-Canadian issuer using disclosure documents prepared in accordance with non-Canadian securities laws. Prospective investors should be aware that these requirements may differ significantly from those in Canada. Any FLI included or incorporated by reference within this Prospectus may not be accompanied by the disclosure and explanations that would be required under Canadian securities laws.

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained within this Prospectus does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Offer Shares and, in particular, does not address Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident or deemed resident of Canada of an investment in the Offer Shares. Canadian investors should consult with their own legal, financial and tax advisers with respect to the tax consequences of an investment in the Offer Shares in their particular circumstances and with respect to the eligibility of the Offer Shares for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum (such as this document) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum (such as this document) and any amendment thereto contains a "misrepresentation", as defined in the applicable securities legislation. A "misrepresentation" is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation and are subject to limitations and defences under applicable securities legislation.

The rights of action described above are in addition to and without derogation from any other right or remedy available at law to the investor. Canadian investors should refer to the applicable provisions of the securities legislation of their province of residence for the particulars of these rights and are advised to consult with their own legal advisers prior to investing in the Offer Shares.

Enforcement of Legal Rights

The Company and the Selling Shareholders are not organised under the laws of a Canadian jurisdiction. All or a substantial portion of the directors and officers of the Company and the Selling Shareholders as well as any experts named herein, are or may be located outside of Canada and, as a result, it may not be possible for Canadian investors to effect service of process within Canada upon such persons or entities. All or a substantial portion of the assets of such persons or entities are or may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against such persons or entities in Canada or to enforce a judgment obtained in Canadian courts against such persons or entities outside of Canada.

The laws of the jurisdictions in which the books, records and other documents of the Company are located may prevent the production of such books, records and other documents in Canada.

Canadian investors should consult with their own legal advisers concerning the enforceability of civil liabilities and judgments in applicable non-Canadian jurisdictions prior to investing in the Offer Shares.

Language of Documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

PART 14
ADDITIONAL INFORMATION

1. Incorporation and share capital

1.1 The Company was incorporated and registered in England & Wales on 3 September 2015 as a public company limited by shares under the Act, with the name Ibstock plc and with registration number 9760850.

1.2 The registered office and principal place of business of the Company is Leicester Road, Ibstock, Leicestershire United Kingdom LE67 6HS, and the telephone number is +44 1530 261999. The principal legislation under which the Company operates and under which the Ordinary Shares were created is the Act and regulations made thereunder.

1.3 The share capital history of the Company is as follows:

(a) on incorporation the share capital of the Company was £50,000 divided into 50,000 Ordinary Shares of £1 each, all of which were allotted to Elemental Company Secretary Limited;

(b) immediately prior to the publication of this Prospectus, the share capital of the Company was £482,717,910 divided into 352,868,422 Ordinary Shares of one pence each and 47,918,922,626 deferred shares of one pence each arising from certain steps pursuant to the Reorganisation (the "**Deferred Shares**"); and

(c) at Admission, the nominal value of the Company's issued Ordinary Shares will be £4,055,000 divided into 405,500,000 Ordinary Shares (all of which will be fully paid). In addition, the nominal value of the issued Deferred Shares will be £479,189,226 divided into 47,918,922,626 Deferred Shares (all of which will be fully paid).

Save as disclosed above and in paragraph 7 "*Employee share plans and remuneration policy*" below:

(d) no share or loan capital of the Company has, within three years of the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;

(e) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

(f) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

1.4 The Company will be subject to the continuing obligations of the FCA with regard to the issue of shares for cash. The provisions of section 561(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Act) apply to the issue of shares in the capital of the Company except to the extent such provisions have been disapplied as referred to in paragraphs 1.6(d) below.

1.5 Conditional upon the Company, the Selling Shareholders and the Underwriters resolving to proceed with the Offer, the Group will undertake the Reorganisation in preparation for the Offer. This process will comprise the steps documented in paragraph 2 "Reorganisation" below.

1.6 At general meetings of the Company on 21 October 2015, the following resolutions were passed in substantially the same form:

(a) that the share capital of the Company existing at that date be consolidated into 6,250 Ordinary Shares of £8.00 each and re-designated as A ordinary shares with the share rights attaching to A ordinary shares being reflected in the Interim Articles (as defined in paragraph (b) below);

(b) that the Company adopt interim articles of association to take effect immediately (the "**Interim Articles**");

(c) that conditional on Admission, the Articles be adopted as the new articles of association of the Company with effect from Admission in substitution for, and to the exclusion of, the articles of association of the Company that are in place immediately prior to Admission;

(d) that the Directors be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all powers of the Company to:

   (i) allot shares in the Company up to an aggregate nominal amount of £482,667,911 in connection with the Reorganisation for a period expiring on the earlier of (A) Admission and (B) 31 December 2015;

(ii) conditional on Admission, allot shares in the Company up to an aggregate nominal amount of £526,316 in connection with the Offer for a period expiring on the earlier of (A) Admission and (B) 31 December 2015;

(iii) conditional on and following Admission, allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company:

(A) up to a maximum aggregate nominal amount of one third of the aggregate value of the issued share capital of the Company immediately following Admission (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560 of the Act) allotted under paragraph (B) below in excess of one third of the aggregate value of the issued share capital of the Company immediately following Admission; and

(B) comprising equity securities (as defined in section 560 of the Act) up to a maximum aggregate nominal amount of two thirds of the aggregate value of the issued share capital of the Company immediately following Admission (such amount to be reduced by any shares allotted or rights granted under paragraph (A) above) in connection with an offer by way of a rights issue:

I. to holders of shares in proportion (as nearly as may be practicable) to their existing holdings; and

II. to holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

and so that the Directors may impose any limits, exclusions or restrictions and make any arrangement which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter;

for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date which is fifteen months after the date on which this resolution is passed);

(iv) the Company may, before the authorities in (a) expire, make an offer or agreement which would or might require the shares to be allotted or rights to be granted after they expire and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if the authorities had not expired.

(e) that the Directors be given power:

(i) subject to the passing of the resolution set out in paragraph 1.6(d), to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred on them by that resolution under section 551 of the Act;

(ii) to allot equity securities as defined in section 560(3) of the Act (sale of treasury shares) for cash,

in either case as if section 561 of the Act did not apply to the allotment but this power shall be limited:

(A) to the allotment of equity securities up to an aggregate nominal amount of £526,316 in connection with the Offer for a period expiring on the earlier of (I) Admission and (II) 31 December 2015;

(B) to the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under paragraph 1.6 (d)(iii)(B), by way of a rights issue only) to or in favour of:

I. holders of shares in proportion (as nearly as may be practicable) to their existing holdings; and

II. holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may impose any limits, exclusions or restrictions and make any arrangement which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

(C) to the allotment of equity securities pursuant to the authority granted under paragraph 1.6 (d)(iii)(A) and/or by virtue of section 560(3) of the Act (in each case otherwise than under paragraphs (A) and (B) above) up to a maximum aggregate nominal value of 10% of the issued share capital of the Company immediately following Admission;

in the case of paragraphs (B) and (C), for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date which is fifteen months after the date on which this resolution is passed), and

the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired;

(f) that conditional on the resolution in paragraph 1.6(d) above being approved, the A ordinary shares, B ordinary shares, A preference shares and B preference shares in the issued share capital of the Company be subdivided by a factor of 800, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing A ordinary shares, B ordinary shares, A preference shares and B preference shares respectively as set out in the articles of association of the Company for the time being;

(g) that conditional on Admission and on the resolutions in paragraph 1.6(c), (d) and (f) above being approved the:

(i) 8,000,000,000 A ordinary shares of £0.01 each be re-designated as 263,626,408 Ordinary Shares of £0.01 each and 7,736,373,592 Deferred Shares;

(ii) 64,000,000 B ordinary shares of £0.01 each be re-designated as 33,068,032 Ordinary Shares of £0.01 each and 30,931,968 Deferred Shares;

(iii) 34,600,000,000 A preference shares of £0.01 each be re-designated as 24,666,866 Ordinary Shares of £0.01 each and 34,575,333,134 Deferred Shares; and

(iv) 5,607,790,400 B preference shares of £0.01 each be re-designated as 31,507,116 Ordinary Shares of £0.01 each and 5,576,283,284 Deferred Shares,

in each case having the rights and being subject to the restrictions set out in the Articles.

(i) that conditional on Admission, the share capital of the Company be reduced by cancelling and extinguishing 47,918,922,626 Deferred Shares and the sum standing to the credit of the share premium account of the Company be cancelled.

(j) that conditional on Admission, in accordance with section 366 of the Act, the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect are authorised to:

(i) make political donations to political parties and/or independent election candidates;

(ii) make political donations to political organisations other than political parties; and

(iii) incur political expenditure,

provided that the aggregate amount of such donations and expenditure shall not exceed £100,000 during the period up to the date of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier at the close of business on the date which is fifteen months after the date on which this resolution is passed);

For the purpose of this resolution the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings set out in sections 363 to 365 of the Act.

(k) that conditional on Admission, in accordance with the Act, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Act) of Ordinary Shares on such terms and in such manner as the Directors may determine provided that:

(i) the maximum number of Ordinary Shares that may be purchased under this authority is 10% of the Company's issued share capital immediately following Admission;

(ii) the maximum price which may be paid for any Ordinary Share purchased under this authority shall not be more than the higher of an amount equal to 105% of the average of the middle market prices shown in the quotations for the Ordinary Shares in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary Share is purchased and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003. The minimum price which may be paid shall be the nominal value of that Ordinary Share (in each case exclusive of expenses payable by the Company in connection with the purchase);

(iii) this authority shall expire at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date which is eighteen months after the date on which this resolution is passed); and

(iv) the Company may make a contract or contracts to purchase Ordinary Shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary Shares in pursuance of any such contract;

(k) that conditional on Admission, the New Plans be approved;

(l) that conditional on Admission, a general meeting of the Company, other than an annual general meeting may be called on not less than 14 clear days' notice.

2. Reorganisation

In connection with Admission, the Group has undertaken certain steps as part of a reorganisation of its corporate structure and will undertake certain further steps immediately prior to and following Admission (the "**Reorganisation**"). The result of the Reorganisation steps taken immediately prior to Admission is that the Company will become the ultimate holding company of the Group.

2.1 Pre-Admission steps under the Reorganisation

On 24 September 2015, the Company, the Institutional Selling Shareholder, Figgs Topco Limited (**Topco**), Figgs Midco Limited ("**Midco**"), Figgs Newco Limited ("**Newco**"), Ibstock Building Products and certain members of current management of the Group ("**Management**") entered into a reorganisation deed to govern the implementation of the Reorganisation (the "**Reorganisation Deed**"). Pursuant to the Reorganisation Deed, the following steps will be implemented prior to Admission:

(a) the Shareholder Loan Notes will be acquired by Topco (the "**Notes Purchase**");

(b) Topco shall amend its articles of association to *inter alia*, (i) redesignate the Preference Shares as "A preference shares", and (ii) create a new class of B preference shares of £8.00 each and, in consideration for the Notes Purchase, Topco shall issue B preference shares and deferred shares to the Institutional Selling Shareholder;

(c) Topco shall file a check the box election in order to be treated as a corporation for U.S. tax purposes;

(d) Newco shall file a check the box election in order to be treated as a disregarded entity for U.S. tax purposes;

(e) the Company shall:

(i) reorganise its share capital such that the Ordinary Shares existing at the date of the Reorganisation Deed are consolidated into Ordinary Shares of £8.00 each and re-designated as "A ordinary shares"; and

(ii) adopt the Interim Articles incorporating such amendments to its articles of association existing at the date of the Reorganisation Deed as shall be necessary to replicate the share capital structure of Topco and generally, to give effect to the Reorganisation;

(f) the Company shall acquire the entire issued share capital of Topco in exchange for the allotment and issue by the Company of 10,000,000 A ordinary shares of £8.00 each, 43,250,000 A preference shares of £8.00 each, 7,009,738 B preference shares of £8.00 each and 648 deferred shares of £0.01 each to the Institutional Selling Shareholder and 80,000 B ordinary shares of £8.00 each to Management; and

(g) the Company shall sub-divide each of the A ordinary shares, B ordinary shares, A preference shares and B preference shares comprised in its share capital by a factor of 800;

(h) the Company shall reorganise its share capital into 352,868,422 Ordinary Shares of £0.01 each and 47,918,922,626 Deferred Shares; and

(i) adopt the Articles as the new articles of association of the Company with effect from Admission.

2.2 Post-Admission steps under the Reorganisation

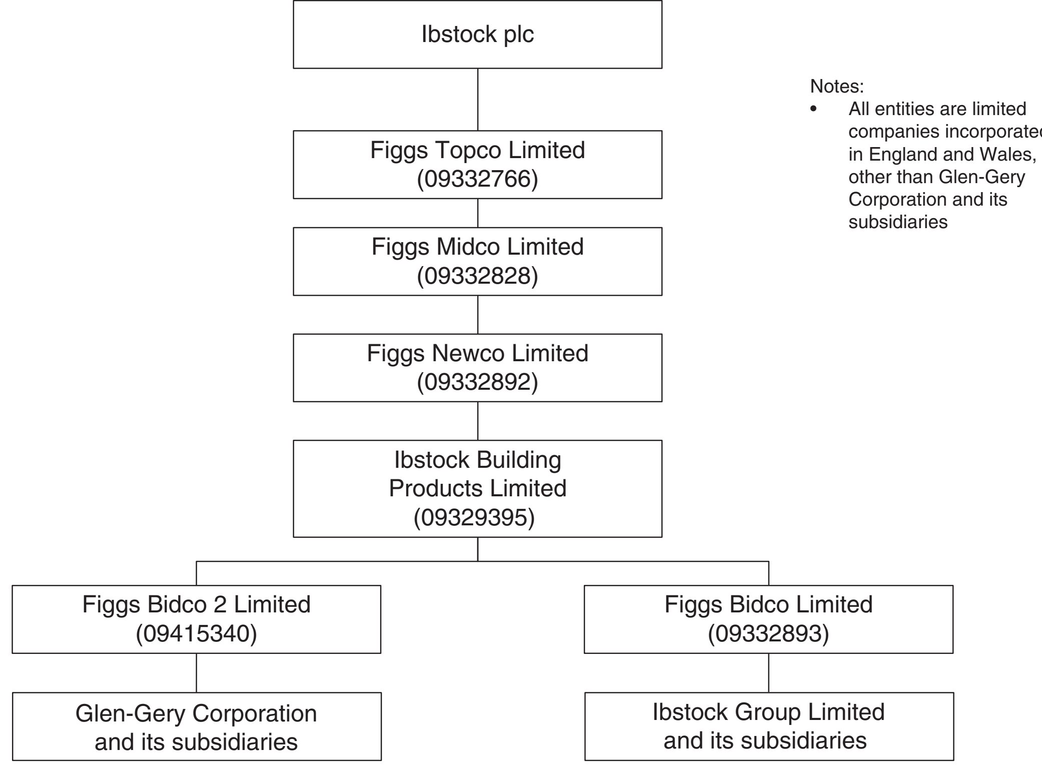
The following steps will be implemented following Admission:

(a) certain of the proceeds received by the Company from the Offer will, together with funds drawn down by Ibstock under the New Facilities Agreement be used to repay the Group's existing debt as further described in Section 3 "*Reasons for the Offer and Use of Proceeds*" of *Part 13*: "*Details of the Offer*". To achieve this, the funds will be ''pushed down'', following Admission, through intercompany loans and capital contributions between relevant members of the Group;

(b) the Company will undertake a reduction of its share capital and cancellation of share premium; and

(c) surplus entities within the Group may be eliminated in order to simplify the Group structure.

The following diagram illustrates the anticipated corporate structure of the Group following the key steps of the Reorganisation:



3. Articles of Association

The Articles of the Company adopted on 21 October 2015, conditional upon Admission being effective, include provisions to the following effect:

3.1 Objects

The objects of the Company, in accordance with section 31(1) of the Act, are unrestricted.

3.2 Limited liability

The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them.

3.3 Rights attaching to shares

(a) Voting rights of members – subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any shares (as to which there are none at present) the provisions of the Act shall apply in relation to voting rights. On a show of hands, every member or authorised corporate representative present has one vote and every proxy present has one vote except if the proxy has been duly appointed by more than one member and has been instructed by (or exercises his discretion given by) one or more of those members to vote for the resolution and has been instructed by (or exercises his discretion given by) one or more other of those members to vote against it, in which case a proxy has one vote for and one vote against the resolution. On a

poll, every member present in person or by proxy has one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

(b) Dividends – subject to the rights attached to any shares issued on any special terms and conditions (as to which there are none at present), dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls should be treated for these purposes as paid up on the share.

(c) Return of capital – if the Company is in liquidation, the liquidator may, with the authority of a special resolution of the Company and any other authority required by any applicable statutory provision (A) divide among the members in specie the whole or any part of the assets of the Company, and for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members; or (B) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator, with the necessary authority, shall think fit, but no member shall be compelled to accept any assets upon which there is any liability.

(d) Capitalisation of reserves – the Board may, with the authority of an ordinary resolution of the Company: (A) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including the share premium account and capital redemption reserve) or any sum standing to the credit of the profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and (B) appropriate that sum as capital to the holders of shares in proportion to the nominal amount of the share capital held by them respectively and apply that sum on their behalf in paying up in full any shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution provided that the share premium account, the capital redemption reserve, any redenomination reserve and any sum not available for distribution in accordance with the applicable statutory provisions may only be applied in paying up shares to be allotted credited as fully paid up.

3.4 Issue of Shares

The Company may from time to time pass an ordinary resolution authorising, in accordance with section 551 of the Act, the Board to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to the maximum nominal amount specified in the resolution. The authority shall expire on the day specified in the resolution (not being more than five years from the date on which the resolution is passed) but any authority given under this article shall allow the Company, before the authority expires, to make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires.

Subject (other than in relation to the sale of treasury shares) to the Board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company in accordance with section 551 of the Act, the Company may from time to time resolve, by special resolution, that the Board be given power to allot equity securities for cash as if section 561 of the Act did not apply to the allotment but that power shall be limited: (i) to the allotment of equity securities in connection with a rights issue; and (ii) to the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution. Unless previously revoked, that power shall (if so provided in the special resolution) expire on the date specified in the special resolution of the Company but the Company may before the power expires make an offer or agreement which would or might require equity securities to be allotted after it expires.

3.5 Alteration of share capital

The Company may exercise the powers conferred by the applicable statutory provisions to:

(a) increase its share capital by allotting new shares;

(b) reduce its share capital;

(c) sub-divide or consolidate and divide all or any of its share capital;

(d) redenominate all or any of its shares and reduce its share capital in connection with such redenomination;

(e) issue redeemable shares; and

(f) purchase all or any of its shares of any class including any redeemable shares.

3.6 Variation of class rights

Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied in such manner as those rights may provide or (if no such provision is made) either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the authority of a special resolution passed at a separate general meeting of the holders of those shares.

3.7 Transfer of Ordinary Shares

Save as described below, the Ordinary Shares will be freely transferable upon Admission.

A member may transfer all or any of his shares in any manner which is permitted by any applicable statutory provision and is from time to time approved by the Board. The Company shall maintain a record of uncertified shares in accordance with the relevant statutory provisions.

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in such other form as the Board may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of a fully paid share, by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register any instrument of transfer of any certificated share which is not fully paid up but, in the case of a class of shares which has been admitted to the Official List of the FCA, not so as to prevent dealings in those shares from taking place on an open and proper basis or on which the Company has a lien. The Board may also refuse to register any instrument of transfer of a certificated share unless it is left at the registered office, or such other place as the Board may decide, for registration, accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to prove title of the intending transferor or his right to transfer the shares; and it is in respect of only one class of shares. If the Board refuses to register a transfer of a certificated share it shall, as soon as practicable and in any event within two months after the date on which the instrument was lodged, give to the transferee notice of the refusal together with its reasons for refusal. The Board shall provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request. Unless otherwise agreed by the Board in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four.

3.8 Disclosure of interests in Ordinary Shares

If the holder of, or any person appearing to be interested in, any share has been given a notice requiring any of the information mentioned in section 793 of the Act (the "**Section 793 Notice**") and, in respect of that share (a "**Default Share**"), has been in default for a period of 14 days after the Section 793 Notice has been given in supplying to the Company the information required by the Section 793 Notice, the following restrictions shall apply: (i) if the Default Shares in which any one person is interested or appears to the Company to be interested represent less than 0.25% of the issued shares of the class, the holders of the Default Shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting of the Company; or (ii) if the Default Shares in which any one person is interested or appears to the Company to be interested represent at least 0.25% of the issued shares of the class, the holders of the Default Shares shall not be entitled, in respect of those shares:

(a) to attend or to vote, either personally or by proxy, at any general meeting of the Company; or

(b) to receive any dividend or other distribution; or

(c) to transfer or agree to transfer any of those shares or any rights in them.

The above restrictions shall continue for the period specified by the Board, being not more than seven days after the earlier of (i) the Company being notified that the Default Shares have been sold pursuant to an exempt transfer; and (ii) due compliance, to the satisfaction of the Board, with the Section 793 Notice. The Board may waive these restrictions, in whole or in part, at any time. The restrictions shall not prejudice the right of either the member holding the Default Shares or, if different, any person having a power of sale over those shares to sell or agree to sell those shares under an exempt transfer.

3.9 Forfeiture of shares

If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the Board may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.

If the requirements of a notice are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the Board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Every share which is forfeited or surrendered shall become the property of the Company and (subject to the applicable statutory provisions) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the Board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up.

3.10 Uncertificated shares – general powers

In relation to any uncertificated share, the Company may utilise the relevant system in which it is held to the fullest extent available from time to time in the exercise of any of its powers or functions under any applicable statutory provision or the Articles or otherwise in effecting any action. Any provision in the Articles in relation to uncertificated shares which is inconsistent with (i) any applicable statutory provision or (ii) the exercise of any powers or functions by the Company or the effecting by the Company of any actions by means of a relevant system, shall not apply. The Company may, by notice to the holder of an uncertificated share, require the holder to change the form of that share to certificated form within such period as may be specified in the notice. For the purpose of effecting any action by the Company, the Board may determine that shares held by a person in uncertificated form shall be treated as a separate holding from shares held by that person in certificated form but shares of a class held by a person in uncertificated form shall not be treated as a separate class from shares of that class held by that person in certificated form.

3.11 Communications by the Company

Subject to the applicable statutory provisions and other rules applicable to the Company, a document or information may be sent or supplied by the Company to any member in electronic form to such address as may from time to time be authorised by the member concerned or by making it available on a website and notifying the member concerned (in accordance with the applicable statutory provisions and other rules applicable to the Company) that it has been made available. A member shall be deemed to have agreed that the Company may send or supply a document or information by means of a website if the applicable statutory provisions have been satisfied.

3.12 General meetings

An annual general meeting shall be held in accordance with the statutory provisions. Other general meetings shall be held whenever the Board thinks fit or on the requisition of shareholders in accordance with the applicable statutory provisions.

Subject to the applicable statutory provisions, an annual general meeting shall be called by at least 21 clear days' notice and all other general meetings shall be called by not less than 14 clear days' notice or by not less than such minimum notice period as is permitted by the applicable statutory provisions.

The requisite quorum for general meetings of the Company shall be two qualifying persons, representing different members and entitled to vote on the business to be transacted at the meeting. A qualifying person is an individual who is a member of the Company; a corporate representative; or a proxy.

3.13 Directors

(a) Election, retirement and removal of directors

The Directors (other than alternate directors) shall not, unless otherwise determined by an ordinary resolution of the Company, be less than two nor more than 15 in number.

A Director need not be a member of the Company.

Subject to the Articles, the Company may by ordinary resolution elect any person who is willing to act to be a director, either to fill a vacancy or as an additional director, but so that the total number of directors shall not exceed any maximum number fixed by or in accordance with the Articles.

Every resolution of a general meeting for the election of a director shall relate to one named person and a single resolution for the election of two or more persons shall be void, unless a resolution that it shall be so proposed has been first agreed to by the meeting without any vote being cast against it. The Board may appoint any person who is willing to act to be a director, either to fill a vacancy or by way of addition to their number, but so that the total number of directors shall not exceed any maximum number fixed by or in accordance with the Articles.

No person (other than a director retiring in accordance with the Articles) shall be elected or re-elected a director at any general meeting unless (i) he is recommended by the Board or (ii) not less than 14 nor more than 42 days before the date appointed for the meeting there has been given to the Company, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of his intention to propose a resolution for the election of that person, stating the particulars which would, if he were so elected, be required to be included in the Company's register of directors and a notice executed by that person of his willingness to be elected.

At each annual general meeting every director shall retire from office. A retiring director shall be eligible for re-election, and a director who is re-elected will be treated as continuing in office without a break. A retiring director who is not re-elected shall retain office until the close of the meeting at which he retires. If the Company, at any meeting at which a director retires in accordance with the Articles, does not fill the office vacated by such director, the retiring director, if willing to act, shall be deemed to be re-elected, unless at the meeting a resolution is passed not to fill the vacancy or to elect another person in his place or unless the resolution to re-elect him is put to the meeting and lost.

The Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with the applicable statutory provisions, remove any director before his period of office has expired notwithstanding anything in the Articles or in any agreement between him and the Company. A director may also be removed from office by giving him notice to that effect signed by or on behalf of not less than three quarters of the other directors (or their alternates). Any such removal of a director shall be without prejudice to any claim which such director may have for damages for breach of any agreement between him and the Company.

(b) Conflicts of Interest

If a situation (a "**Relevant Situation**") arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest) the following provisions shall apply if the conflict of interest does not arise in relation to a transaction or arrangement with the Company: (i) if the Relevant Situation arises from the appointment or proposed appointment of a person as a director of the Company, the Directors (other than the director, and any other director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution) may resolve to authorise the appointment of the director and the Relevant Situation on such terms as they may determine; (ii) if the Relevant Situation arises in circumstances other than in paragraph (i) above, the Directors (other than the director and any other director with a similar interest who shall not be counted in the quorum at the meeting and shall not vote on the resolution) may resolve to authorise the Relevant Situation and the continuing performance by the director of his duties on such terms as they may determine. Any terms of such authorisation may be imposed at the time of the authorisation or may be imposed or varied subsequently and may include (without limitation):

(i) whether the interested directors may vote (or be counted in the quorum at a meeting) in relation to any resolution relating to the Relevant Situation;

(ii) the exclusion of the interested directors from all information and discussion by the Company of the Relevant Situation; and

(iii) (without prejudice to the general obligations of confidentiality) the application to the interested directors of a strict duty of confidentiality to the Company for any confidential information of the Company in relation to the Relevant Situation.

Any authorisation of a Relevant Situation may provide that, where the interested director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence.

If a director is in any way, directly or indirectly, interested in a proposed or an existing transaction or arrangement with the Company, he must declare the nature and extent of that interest to the other directors.

Subject to any applicable statutory provisions and to having declared his interest to the other directors, a director may:

(i) enter into or be interested in any transaction or arrangement with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company, or as vendor, purchaser or otherwise;

(ii) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period (subject to applicable statutory provisions) and upon such terms as the Board may decide and be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the Board may decide, either in addition to or in lieu of any remuneration under any other provision of the Articles;

(iii) act by himself or his firm in a professional capacity for the Company (except as auditor) and be entitled to remuneration for professional services as if he were not a director;

(iv) be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any holding company or subsidiary undertaking of that holding company or any other company in which the Company may be interested. The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of that other company to be exercised in such manner in all respects as it thinks fit (including the exercise of voting rights in favour of any resolution appointing the Directors or any of them as directors or officers of the other company or voting or providing for the payment of any benefit to the Directors or officers of the other company); and

(v) be or become a director of any other company in which the Company does not have an interest if that cannot reasonably be regarded as likely to give rise to a conflict of interest at the time of his appointment as a director of that other company.

(c) Remuneration

The Directors shall be paid such fees not exceeding in aggregate £2.0 million per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the Board may decide to be divided among them in such proportion and manner as they may agree or, failing agreement, equally. Any such fee shall be distinct from any remuneration or other amounts payable to a director under other provisions of the Articles and shall accrue from day to day.

The Board may grant special remuneration to any director who performs any special or extra services to or at the request of the Company. Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise as the Board may decide in addition to any remuneration payable under or pursuant to any other of the Articles.

A director shall be paid out of the funds of the Company all travelling, hotel and other expenses properly incurred by him in and about the discharge of his duties, including his expenses of travelling to and from Board meetings, committee meetings and general meetings. Subject to any guidelines and procedures established from time to time by the Board, a director may also be paid out of the funds of the Company all expenses incurred by him in obtaining professional advice in connection with the affairs of the Company or the discharge of his duties as a director.

The Board may exercise all the powers of the Company to:

(i) pay, provide, arrange or procure the grant of pensions or other retirement benefits, death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the termination of employment, to or for the benefit of any person who is or has been at any time a director of the Company or in the employment or service of the

Company or of any body corporate which is or was associated with the Company or of the predecessors in business of the Company or any such associated body corporate, or the relatives or dependants of any such person. For that purpose the Board may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement and the payment of any insurance premiums;

(ii) establish, maintain, adopt and enable participation in any profit sharing or incentive scheme including shares, share options or cash or any similar schemes for the benefit of any director or employee of the Company or of any associated body corporate, and to lend money to any such director or employee or to trustees on their behalf to enable any such schemes to be established, maintained or adopted; and

(iii) support and subscribe to any institution or association which may be for the benefit of the Company or of any associated body corporate or any directors or employees of the Company or associated body corporate or their relatives or dependants or connected with any town or place where the Company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever.

(d) Indemnity

As far as the applicable statutory provisions allow, the Company may:

(i) indemnify any director of the Company (or of an associated body corporate) against any liability;

(ii) indemnify a director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the company's activities as trustee of the scheme;

(iii) purchase and maintain insurance against any liability for any director referred to in paragraphs (a) or (b) above; and

(iv) provide any director referred to in paragraphs (a) or (b) above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).

(e) Proceedings of the Board

A director may at any time, and the secretary may at the request of a director, call a meeting of the Board. The Board may meet for the dispatch of business, adjourn and otherwise regulate its meeting as it thinks fit. This includes at a meeting which consists of a conference between directors some or all of whom are in different places provided that each director may participate in the business of the meeting by any means which allows him both to hear each of the other participating directors (or receive real time communications made by them), and, if he so wishes, to address all of the other participating directors simultaneously (or otherwise communicate in real time with them).

The quorum for Board meetings, unless fixed by the Board at any other number, shall be two. A Board meeting at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.

The Board may appoint a chairman and one or more deputy chairmen and may at any time revoke such an appointment. The chairman, or failing him any deputy chairman (the longest in office taking precedence, if more than one is present), shall, if present and willing, preside at all Board meetings but, if no chairman or deputy chairman has been appointed, or if he is not present within five minutes after the time fixed for holding the meeting or is unwilling to act as chairman of the meeting, the Directors present shall choose one of their number to act as chairman of the meeting.

Questions arising at a Board meeting shall be determined by a majority of votes and, in the case of equality of votes, the chairman of the meeting shall have a second or casting vote. A resolution which is signed or approved by all the Directors entitled to vote on that resolution shall be valid and effectual as if it had been passed at a Board meeting duly called and constituted.

All acts bona fide done by a meeting of the Board, or of a committee, or by any person acting as a director or committee member, shall, notwithstanding that it is afterwards discovered that there was some defect in the

appointment of any member of the Board or committee or of the person so acting, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified to be a director and had continued to be a director or member of the committee and had been entitled to vote.

3.14 Borrowing powers

There is no requirement on the Directors to restrict the borrowing of the Company or any of its subsidiary undertakings.

3.15 Dividends

(a) Declaration of dividends – the Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the Board.

(b) Fixed and interim dividends – the Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, none of the Directors shall incur any liability to the holders of shares conferring preferred rights for any loss such holders may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

(c) Calculation and currency of dividends – except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide: (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share; (i) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; and (iii) dividends may be declared or paid in any currency and the Board may agree with any member that dividends which may at any time or from time to time be declared or become due on his shares in one currency shall be paid or satisfied in another, and may agree the basis of conversion to be applied and how and when the amount to be paid in the other currency shall be calculated and paid and for the Company or any other person to bear any costs involved.

(d) Dividends not to bear interest – no dividend or other moneys payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

(e) Calls or debts may be deducted from dividends – the Board may deduct from any dividend or other moneys payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares of the Company.

(f) Dividends *in specie* – with the authority of an ordinary resolution of the Company and on the recommendation of the Board, payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company.

(g) Scrip dividends – the Board may, with the authority of an ordinary resolution of the Company, offer any holders of shares the right to elect to receive further shares, credited as fully paid, instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution (a scrip dividend) in accordance with the provisions of the relevant provisions of the Articles.

(h) Unclaimed dividends – any dividend unclaimed for a period of 12 years after having been declared shall be forfeited and cease to remain owing by the Company.

3.16 Rights and Restrictions of Deferred Shares

The rights and restrictions attached to and imposed on the Deferred Shares are as follows:

(a) on a return of capital on liquidation or otherwise the capital returned to shareholders shall be distributed as follows:

    (i) the holders of any Deferred Shares shall be entitled to the repayment of the nominal value of the Deferred Shares held by them (provided that no distribution shall be payable in respect of any Deferred Shares held by the Company as treasury shares pursuant to section 726(3) of the Act); and

(ii) the remaining balance will be distributed to the holders of the Ordinary Shares;

(b) subject only to (a) above, the Deferred Shares shall not confer on the holders thereof any entitlement to receive any dividend or distribution or otherwise to any participation in the profits or the assets of the Company;

(c) the Deferred Shares shall not confer on the holders thereof any entitlement to receive notice of or to attend to vote, either personally or by proxy, at any general meeting of the Company;

(d) a holder of a Deferred Share may not transfer or agree to transfer that Deferred Share or any right in that Deferred Share without the prior written approval of the Board. The Board may, in its absolute discretion, refuse to approve any proposed transfer of a Deferred Share or to register any transfer of a Deferred Share; and

(e) the rights attaching to the Deferred Shares shall not be, or deemed to be, varied, abrogated or altered by:

(v) the creation or issue of any Ordinary Shares or any other class of shares ranking in priority to, or pari passu with, the Deferred Shares;

(vi) the Company reducing its share capital (including a reduction of its share capital by a cancellation of the Deferred Shares for no consideration) or share premium account; or

(vii) the redemption or purchase of any Ordinary Share or any other share of any other class,

and accordingly no consent or sanction or approval shall be required for any such action from the holders of the Deferred Shares or any of them.

4. Mandatory bids and compulsory acquisition rules relating to Ordinary Shares

Other than as provided by the City Code on Takeovers and Mergers (**City Code**) and Chapter 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Company.

4.1 Rule 9 of the City Code

The City Code applies to the Company.

Rule 9.1 of the City Code states that, except with the consent of the Takeover Panel, when:

(a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or

(b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

such person shall extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the City Code, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable and the Takeover Panel should be consulted in advance in such cases.

"Interests in shares" is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

"Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

4.2 Authority of the Company to redeem or purchase its own shares

When a company redeems or purchases its own voting shares, under Rule 37 of the City Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the City Code. Rule 37 of the City Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the City Code is followed. Appendix 1 to the City Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the City Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the Directors is such that the person is, or is presumed to be, concert parties with any of the Directors. However, there is no presumption that all the Directors (or any two or more directors) are concert parties solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase.

The Institutional Selling Shareholder will not fall within the exception in Note 1 to Rule 37 in that it has the right to appoint nominee directors to the Board of the Company pursuant to the Relationship Agreement (as described in paragraph 12.2 of this Part 14 (*Additional Information*)).

Under Note 2 on Rule 37 of the City Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when they had reason to believe that such a purchase of their own shares by the company would take place. Note 2 will not normally be relevant unless the relevant person knows that a purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).

The Takeover Panel must be consulted in advance in any case where Rule 9 of the City Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30% or more but do not hold shares carrying more than 50% of the voting rights of a company, or may become interested in 30% or more on full implementation of the proposed purchase by the company of its own shares. In addition, the Takeover Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30% or more, or may be increased to 30% or more on full implementation of the proposed purchase by the company of its own shares.

Subject to certain limits, the Company has authority to purchase Ordinary Shares under the terms of the shareholder resolution summarised in paragraph 1.6(j) of this Part 14 (*Additional Information*) (the "**Buyback Authority**"). The maximum aggregate number of Ordinary Shares authorised to be purchased under the Buyback Authority is 10% of the Company's issued share capital immediately following Admission. The Buyback Authority is due to expire at the conclusion of the annual general meeting of the Company but so that the Company may, before the expiry of the Buyback Authority, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such Buyback Authority.

If, prior to such expiry:

- the Company were to exercise the Buyback Authority in full (at 10% of the Company's issued share capital immediately following Admission);
- the aggregate percentage beneficial shareholding of the Institutional Selling Shareholder immediately following Admission is approximately 53.0% of the issued share capital of the Company (on the basis of the shareholdings set out in paragraph 5.5 of this Part 14 (Additional *Information*) and assuming no exercise of the Over-allotment Option (and 47.0% if the Over-allotment Option is exercised in full, assuming that the Institutional Selling Shareholder does not sell any of their Ordinary Shares following expiry of their lock-up arrangements)); and
- none of the Ordinary Shares which the Institutional Selling Shareholder hold are purchased by the Company under the Buyback Authority and no Ordinary Shares had been newly issued by the Company between the date of Admission and the date that the Buyback Authority is fully exercised,

then the shareholding of the Institutional Selling Shareholder in the Company would increase to approximately 58.9% (assuming no exercise of the Over-allotment Option (and approximately 52.3% if the Over-allotment Option is exercised in full and assuming that the Institutional Selling Shareholder does not sell any of its Ordinary Shares following expiry of its lock-up arrangements)). This increase would be less to the extent that:

- any of the Ordinary Shares of the Institutional Selling Shareholder are purchased by the Company; and
- as noted below, the Stabilising Manager had exercised the Over-allotment Option by acquiring further Ordinary Shares from the Institutional Selling Shareholder.

An announcement will be made by the Company or by the Stabilising Manager on its behalf following utilisation of the Over-allotment Option, not later than one week after the end of the stabilisation period, and a further announcement will be made to record the movements that have taken place in the Institutional Selling Shareholder's shareholding in the Company consequent upon the stabilisation arrangements referred to below.

In respect of the period from Admission up to the conclusion of the annual general meeting of the Company, the Takeover Panel has confirmed, on an ex parte basis, that notwithstanding Rule 37.1 of the City Code, this potential increase in the shareholding of the Institutional Selling Shareholder and any person deemed to be acting in concert with the Institutional Selling Shareholder in the Company due to the above Buyback Authority will not require such persons to make a mandatory offer pursuant to Rule 9 of the City Code as a result only of the purchase by the Company of its own shares pursuant to the Buyback Authority summarised in paragraph 1.6(j) of this Part 14 (*Additional Information*). This confirmation has been given by the Takeover Panel on the basis that the consequences of such a buyback have been fully disclosed in this document.

However, following the close of the annual general meeting of the Company to be held in 2016, to the extent that authority for share buybacks may be sought in the future, approval for a whitewash resolution will be sought from the Takeover Panel and from the independent shareholders of the Company at that time.

4.3 Stabilisation arrangements in connection with the Offer

Under the stabilisation arrangements described in Part 13 (Details of the Offer) of this Prospectus, the Stabilising Manager may borrow Ordinary Shares (representing in aggregate up to 15% of the total number of Ordinary Shares comprised in the Offer) from the Institutional Selling Shareholder under the terms of the Stock Lending Agreement for the purposes of satisfying over-allotments of Ordinary Shares. The Stabilising Manager will, within 30 calendar days of the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange, re-deliver to the Institutional Selling Shareholder equivalent securities in respect of any borrowing it makes under the terms of the Stock Lending Agreement by transferring the same number of Ordinary Shares to the Institutional Selling Shareholder as the Stabilising Manager has borrowed from the Institutional Selling Shareholder. The Stabilising Manager may also utilise the Over-allotment Option to acquire Ordinary Shares representing in aggregate up to 15% of the total number of Ordinary Shares comprised in the Offer (prior to the utilisation of the Over-allotment Option) from the Institutional Selling Shareholder whereupon the Institutional Selling Shareholder will be obliged to transfer such Ordinary Shares to the Stabilising Manager.

As a result of the combined effect of lending Ordinary Shares pursuant to the Stock Lending Agreement and granting the Over-allotment Option, the Institutional Selling Shareholder's shareholding in the Company can only remain the same or decrease from what its shareholding would be if it were not party to any stabilisation arrangements. In particular, the Institutional Selling Shareholder's shareholding in the Company will return to its original level when the loan is repaid and then decrease if the Stabilising Manager acquires Ordinary Shares from it pursuant to utilisation of the Over-allotment Option. The minimum and maximum percentages of the Institutional Selling Shareholder's shareholding in the Company following the operation of the stock lending and over-allotment arrangements are 47.0% and 53.0% respectively.

The Takeover Panel has confirmed, on an ex parte basis, to the Company that no mandatory offer for the Company need be made as a result of the arrangements and transactions described above. In particular, the Takeover Panel has confirmed that, pursuant to Note 4 to the definition of "interests in securities", and Notes 17 and 18 to Rule 9.1 of the City Code, the Institutional Selling Shareholder will not be treated as having disposed of an interest in any Ordinary Shares when it lends Ordinary Shares to the Stabilising Manager pursuant to the stabilisation arrangements and transactions described above and will not therefore be treated as having increased its interest in Ordinary Shares upon the repayment of such loan.

4.4 Squeeze-out rules

Under the Act, if a "takeover offer" (as defined in section 974 of the Act) is made by an offeror to acquire all of the Ordinary Shares not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the shares to which such offer relates, the offeror could then compulsorily

acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

4.5 Sell-out rules

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% in value of the Ordinary Shares and not less than 90% of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

5. Directors' and Senior Management's interests

5.1 The interests in the share capital of the Company of the Directors and Senior Management (all of whom, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a member of Senior Management) as at 22 October 2015 (the latest practicable date prior to printing of this document) were as follows:

Director / Member of Senior Management	Immediately prior to Admission[1]		Immediately following Admission	
	Number of Ordinary Shares	Percentage of issued Ordinary Share capital	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
Wayne Sheppard	13,227,213	3.75%	11,307,827	2.79%
Kevin Sims	8,597,688	2.44%	7,350,087	1.81%
John Richards	7,274,967	2.06%	6,219,303	1.53%
Mark Richmond	3,968,164	1.12%	3,392,348	0.84%

Note:

(1) The interests of Ordinary Shares as at date of this document have been stated on the basis that the steps described in paragraph 2 of this *Part 14* have been completed in full.

5.2 In so far as is known to the Directors as at the date of this Prospectus, the following are the interests (within the meaning of Part VI of the Act) (other than interests held by the Directors) which represent, or will represent, directly or indirectly, 3% or more of the issued share capital of the Company on Admission assuming no exercise of the Over-allotment Option:

Shareholder	Immediately prior to Admission[1]		Immediately following Admission assuming no exercise of the Over-allotment Option[2]	
	Number of Ordinary Shares	Percentage of issued Ordinary Share capital	Number of Ordinary shares	Percentage of issued Ordinary Share capital
Diamond (BC) S.à r.l	319,800,390	90.63%	215,030,435	53.03%
Henderson Global Investors Limited	—	—	19,000,000	4.69%
J.P. Morgan Asset Management (UK) Limited	—	—	19,000,000	4.69%
Artemis Investment Management LLP	—	—	14,250,000	3.51%

Notes:

(1) The interests of Ordinary Shares as at the date of this document have been stated on the basis that the steps described in paragraph 2 of this *Part 14* have been completed in full.

(2) If the Over-allotment Option is exercised in full, Diamond (BC) S.à r.l will have sold a further 24,330,000 Ordinary Shares representing 6.0% of the Company's issued Ordinary Share capital and will hold 190,700,435 Ordinary Shares representing 47.0% of the Company's issued Ordinary Share capital.

Save as disclosed above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have or will have different voting rights attached to the shares they hold in the Company.

5.3 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were affected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

5.4 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

5.5 The following table sets out the interests of each of the Selling Shareholders (all of which, unless otherwise stated, are beneficial or are interests of a person connected with the Selling Shareholders), prior to the Offer and the number of Ordinary Shares the Selling Shareholders are selling in the Offer:

	Ordinary Shares owned prior to the Offer[(1)]		Ordinary Shares to be sold in the Offer[(2)]	
Selling Shareholders	**No.**	**%**	**No.**	**%**
Diamond (BC) S.à r.l	319,800,390	90.63%	104,769,955	64.59%
Wayne Sheppard	13,227,213	3.75%	1,919,386	1.18%
Kevin Sims	8,597,688	2.44%	1,247,601	0.77%
John Richards	7,274,967	2.06%	1,055,664	0.65%
Mark Richmond	3,968,164	1.12%	575,816	0.36%
Total	352,868,422	100.00%	109,568,422	67.55%

Notes:

(1) The interests of Ordinary Shares as at the date of this document have been stated on the basis that the steps described in paragraph 2 of this *Part 14* have been completed in full and assuming no exercise of the Over-allotment Option.

(2) If the Over-allotment Option is exercised in full, Diamond (BC) S.à r.l. will have sold a further 24,330,000 Ordinary Shares representing 6.0% of the Company's issued share capital.

The business addresses of the Selling Shareholders are:

(a) Devonshire House, Mayfair Place, London W1J 8AJ (Diamond (BC) S.à r.l.);

(b) Leicester Road, Ibstock, Leicester LE67 6HS (the Individual Selling Shareholders).

6. Directors' terms of employment

6.1 Executive Directors

On 22 October 2015, each of the Executive Directors entered into new service agreements with Ibstock Brick Limited ("**IBL**"). The service agreements are conditional on, and become effective from, Admission.

(a) Wayne Sheppard will receive a salary of £425,000 per annum and Kevin Sims will receive a salary of £290,000 per annum. Wayne Sheppard and Kevin Sims will also be eligible to participate in the Company's cash bonus and discretionary share plan ("**ABP**") and long term incentive plan ("**LTIP**") (see paragraph 7 of this Part 14 (*Additional Information*)).

(b) The Executive Directors may elect (if they choose to give up any leased car pursuant to their previous employment contract) to receive car allowances at an appropriate rate. The Executive Directors will have access to a private medical expenses scheme and life assurance scheme which shall provide to the Executive Directors' dependents a sum equal to four times their current basic salary in the event of death in service. The Executive Directors are also entitled to directors' and officers' insurance.

(c) The Executive Directors shall continue to be members of the Ibstock Pension Scheme. The Executive Directors' pensionable salary for the year is capped at £159,506 (for Wayne Sheppard) and £112,500 (for Kevin Sims). Each Executive Director is entitled to receive, in addition, annually a cash lump sum payment equal to 20% of the difference between the cap and his actual salary. In the event that any Executive Director ceases to be a member of the Ibstock Pension Scheme during his employment, he will be entitled to receive thereafter the sum of 20% of his basic salary per annum.

(d) Each Executive Director's service agreement is terminable on 12 months' notice given by either party. IBL as the employer under the service agreements is entitled to terminate the Executive Director's employment by payment of a cash sum in lieu of notice ("**PILON**"), equal to the base salary that would have been payable during the notice period, to be paid in equal monthly instalments until the date on which the notice period would have expired had notice been given ("**PILON Period**"). The first such instalment is payable by IBL within 30 days of the termination date. The Executive Directors are required to take all reasonable steps to obtain alternative employment. If an Executive Director obtains and begins such employment during the PILON Period, that Executive Director shall notify IBL and any further monthly instalments of the PILON will be reduced on a pro rata basis by any payment or remuneration in respect of this employment or the provision of the Executive Director's services during the PILON Period.

(e) Each of the Executive Directors will be eligible for an annual bonus up to a maximum amount of 125% of his annual basic salary. Any bonus is discretionary, taking into account factors relating to individual and personal performance as IBL considers appropriate.

(f) Each Executive Director is entitled to 30 days' holiday per annum.

(g) Each of the Executive Directors is subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation, non-dealing and non-hiring restrictive covenants for a period of 12 months after the termination of their respective service agreements.

While the new service agreements have been entered into with IBL, the new service agreements certain provisions appropriate for directors of a listed company and the Executive Directors have expressly agreed to diligently perform such duties and use their best endeavours to promote, protect and develop the interests of the Company.

6.2 Non-Executive Directors

The Company has appointed 4 Non-Executive Directors. The appointment of the Non-Executive Chairman and the Senior Independent Director will take effect upon Admission.

All of the Non-Executive Directors are appointed by letters of appointment and do not have service contracts. The principal terms of these letters of appointment are set out below.

(i) Non-Executive Chairman: Jamie Pike was appointed as Non-Executive Director of the Company on 22 September 2015 whereas his appointment as Non-Executive Chairman of the Company will take effect upon Admission. The appointment will initially be for three years, however, this is not a fixed contractual period. Continuation of the appointment is dependent upon satisfactory performance and annual re-election at forthcoming annual general meetings. Each appointment is terminable by six months notice from either the Company or Mr Pike expiring at any time. Notwithstanding the agreed notice provisions, the Company may terminate the appointment with immediate effect and without compensation if Mr Pike (i) commits any serious breach or, after warning in writing, any repeated or continued material breach of his obligation to either the Company or of any regulatory requirement, (ii) is guilty of any act of dishonesty or serious misconduct or any conduct that (in the reasonable opinion of the Board) tends to bring Mr Pike or the Company into disrepute, or (iii) is declared bankrupt or makes an arrangement or composition with or for the benefit of his creditors. Mr Pike's annual fee is £175,000. The fee is payable monthly in arrears and includes fees for directorships of any Group companies that is held by Mr Pike as a result of the appointment. Mr Pike will not receive any additional payment for any special duties beyond those specified in the letter of appointment unless agreed with the Board in advance.

(ii) Senior Independent Director: Jonathan Nicholls was appointed as Non-Executive Director of the Company on 22 September 2015 whereas his appointments as the Senior Independent Director and Chairman of the Audit Committee will take effect upon Admission taking place (each an "**appointment**", together the "**appointments**"). It is envisaged that each appointment will initially be for three years, however, this is not a fixed contractual period. Continuation of the appointments is dependent upon satisfactory performance and annual re-election at forthcoming annual general meetings. Mr Nicholls's appointment is terminable by three months notice from either the Company or Mr Nicholls expiring at any time. Notwithstanding the agreed notice provisions, the Company may terminate the appointments without notice and without compensation if Mr Nicholls (i) commits any serious breach or, after warning in writing, any repeated or continued material breach of his obligations to either the Company or of any regulatory requirement, (ii) is guilty of any act of dishonesty or serious misconduct or any conduct that (in the reasonable opinion of the Board) tends to bring Mr Nicholls or

the Company into disrepute, or (iii) is declared bankrupt or makes an arrangement or composition with or for the benefit of his creditors. Mr Nicholls' total annual fee is £60,000. The fee is payable monthly in arrears and includes fees for directorships of any Group companies that are held by Mr Nicholls as a result of the appointment. Mr Nicholls will not receive any additional payment for any special duties beyond those specified in the letter of appointment unless agreed with the Board in advance.

(iii) Other Non-Executive Directors: The Company has appointed Michel Plantevin and Matthias Boyer-Chammard, as Non-Executive Directors. Their appointment will terminate in accordance with the Relationship Agreement (as described in Section 11.2 of this Part 14 (*Additional Information*). They will not receive any fees for the provision of his services. The Relationship Agreement contains obligations of confidentiality which have effect during the appointment and after termination.

(iv) Common provisions: The Company reimburses any expenses reasonably and properly incurred in connection with the carrying out of the duties pursuant to the relevant appointment(s). Each letter of appointment contains obligations of confidentiality and restrictions on conflicts, whereby each Non-Executive Director (i) should inform the Company Secretary in the event that he becomes aware of any conflict or potential conflict situations arising during the term of his appointments, and (ii) must inform the Board of any interests that he has or acquires which might reasonably be thought to jeopardise his independence from the Company. During the period of appointment, no Non-Executive Director may take up any office or employment with, or have any interest in, any firm or company which is or may be in direct or indirect competition with the Company.

6.3 Directors' and Senior Management's remuneration

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 31 December 2014, the aggregate remuneration and benefits to the Directors of the Company and the senior management of the Group who served during the year ended 31 December 2014, consisting of seven individuals, was £2.1 million[1].

Under the terms of their service contracts, letters of appointment and applicable incentive plans, the Directors of the Company who served during the year ended 31 December 2014 were remunerated as set out below:

Name	Position	Annual Salary (£)	Other Benefits (£)
Wayne Sheppard	Chief Executive Officer	247,507	487,907
Kevin Sims	Chief Financial Officer	140,011	161,694

6.4 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

6.5 Directors' and Senior Management's current and past directorships

Set out below are the Directorships held by the Directors and members of Senior Management (other than, where applicable, directorships held in the Company), in the five years prior to the date of this document:

Name	Current directorships	Past directorships
Jamie Pike	Tyman plc RPC Group plc Spirax-Sarco Engineering plc	Beaudesert Park School Trust Limited Lafarge Tarmac Holdings Limited MBA Polymers Inc.
Wayne Sheppard	Baldwin Industries Limited Figgs Bidco Limited Figgs Bidco 2 Limited Figgs Midco Limited Figgs Newco Limited Figgs Topco Limited Forticrete Limited Ibstock Building Products Limited Ibstock Brick Holding Company Limited	CRH (UK) Limited Premier Cement Limited

[1] For the senior manager whose remuneration and benefits are determined in US dollars, the amount was converted to Sterling using the assumed rate of \$1.65 to £1 when determining the aggregate.

Name	Current directorships	Past directorships
	Ibstock Brick Limited Ibstock Group Limited Kevington Building Products Limited Moore & Sons Limited Oakhill Holdings Limited Supreme Concrete Limited The Brick Development Association Limited	
Kevin Sims	Anderton Concrete Products Limited Baldwin Industries Limited Figgs Bidco Limited Figgs Bidco 2 Limited Figgs Midco Limited Figgs Newco Limited Figgs Topco Limited Forticrete Limited Home Building Supplies Limited Ibstock Building Products Limited Ibstock Brick Limited Ibstock Bricks (1996) Limited Ibstock Brick Aldridge Limited Ibstock Brick Cattybrook Limited Ibstock Hathernware Limited Ibstock Brick Himley Limited Ibstock Brick Holding Company Limited Ibstock Brick Leicester Limited Ibstock Brick Nostell Limited Ibstock Brick Roughdales Limited Ibstock Brick Aldridge Property Limited Ibstock Group Limited Ibstock Leasing Limited Ibstock Westbrick Limited Kevington Building Products Limited Manchester Brick and Precast Limited Moore & Sons Limited Oakhill Holdings Limited Supreme Concrete Limited Wealdbeam Systems Limited	ABP Investments Limited Anchor Building Management Limited Anchor Building Products Limited Anchor Plastics Limited Anchor Roof Tiles (Worcester) Limited Belvedere Systems Limited Breton (Warrington) Limited Centurion Brick (Tannochside) Limited Combat Polystyrene Group Limited CRH Finance (U.K.) PLC CRH (UK) Limited CRH Australia Holdings UK Limited CRH Building Products Limited CRH Clay Products Limited CRH Group Limited CRH Investments (UK) Limited CRH Limited CRH Mobile Fencing & Security UK Limited CRH Pensions (UK) Limited CRH Romania Holdings UK Limited CRH Serbia Holdings UK Limited Ecotherm Holdings Plc Eucalyptus Pulp Mills Limited Forticrete Roofing Products Limited Forticrete Pensions Limited Fromnight Systems Limited Ibstock Brick Hudsons Limited Ibstock Brick Telford Limited Ibstock Holdings Limited Ibstock (JJW) Limited Ibstock Scottish Brick Limited Norina Floors Limited Prestage and Broseley Tileries Company Limited (The) Price & Pierce Limited Price & Pierce (Holding Company) Limited Price & Pierce Investments Limited Scottish Brick Corporation Limited Severn Artstone Company Limited (The) Stylevane Band Systems Limited United Fireclay Products Limited W. Garrard Engineering (Leighton Buzzard) Limited Wath Concrete Products Limited Widewarm Head Systems Limited Yalwen Limited
Jonathan Nicholls	DS Smith plc Great Portland Estates plc SIG plc	

Name	Current directorships	Past directorships
Michel Plantevin	FCI SA IMCD N.V. Maison Du Monde SAS Trinseo S.A.	
Matthias Boyer-Chammard	Brakes Bros Limited	
Mark Houghton	Supreme Concrete Limited Anderton Concrete Products Limited Gee-Co (Holdings) Limited Baldwin Industries Limited Oakhill Holdings Limited	Buildmake Limited Gee-Co (Precast) Limited
Mark Richmond	Ibstock Brick Limited Ibstock Group Limited Forticrete Limited	ABP Investments Limited Anchor Building Management Limited Anchor Building Products Limited Anchor Plastics Limited Anchor Roof Tiles (Worcester) Limited CRH (UK) Limited Forticrete Roofing Products Limited Severn Artstone Company Limited (The) Wath Concrete Products Limited W. Garrard Engineering (Leighton Buzzard) Limited Yalwen Limited
John Lambert	Forticrete Limited	
John Richards	Kevington Building Products Limited Ibstock Bricks (1996) Limited Ibstock Brick Limited Manchester Brick and Precast Limited	Fromnight Systems Limited Ibstock Brick Aldridge Property Limited
Steve Matsick	Glen-Gery Corporation	

6.5.1 Within the period of five years preceding the date of this document, none of the Directors or members of Senior Management:

(a) has had any convictions in relation to fraudulent offences;

(b) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or

(c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

7. Employee share plans and remuneration policy

7.1 Overview of the New Plans

Following Admission, the Company intends to operate three discretionary share plans: the Ibstock plc Long Term Incentive Plan (the "**LTIP**"), the Ibstock plc Annual and Deferred Bonus Plan (the "**ABP**") and the Ibstock plc Share Option Plan (the "**SOP**"). In addition, the Company has also established three all-employee share incentive plans, the Ibstock plc Share Incentive Plan (the "**SIP**"), the Ibstock plc Sharesave Plan (the "**Sharesave Plan**") and the Ibstock plc Employee Share Purchase Plan (the "**ESPP**"). The LTIP, ABP and SOP are, together, the "Discretionary Plans", and the Discretionary Plans, the SIP, the Sharesave Plan and the ESPP are, together, the "New Plans".

A reference in this section 7 to the Board includes any designated committee of the Board.

Information on certain awards to be made at or following Admission and the principal features of the New Plans are summarised below.

7.2 The LTIP

The LTIP was adopted by the Board on 8 October 2015 and approved by the Company's shareholders on 21 October 2015.

7.2.1 Status

Under the LTIP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees: (i) nil cost options over Ordinary Shares ("**LTIP Options**") and/or (ii) conditional awards (i.e. a conditional right to acquire Ordinary Shares) ("**LTIP Conditional Awards**") and/or (iii) Ordinary Shares which are subject to restrictions and the risk of forfeiture ("**LTIP Restricted Shares**", and together with LTIP Options and LTIP Conditional Awards, "**LTIP Awards**").

7.2.2 Eligibility

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Board.

7.2.3 Grant of LTIP Awards

The Board may grant LTIP Awards over Ordinary Shares to eligible employees with a maximum total market value in any financial year of up to 100% of the relevant individual's annual base salary or up to 150% of the relevant individual's annual base salary in circumstances the Board considers to be exceptional. It is anticipated that the first grant of LTIP Awards will be made at or shortly after Admission to the Executive Directors and up to approximately eight senior employees of the Group and for the the first grant of LTIP Awards, the Board reserves the right to calculate market value by reference to the Offer Price. The initial grant to each Executive Director will be over Ordinary Shares with a market value of 100% of his salary.

LTIP Awards may be granted during the 42 days beginning on: (i) Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the LTIP Award at that time; or (iv) the day after the lifting of any dealing restrictions.

No LTIP Awards may be granted more than 10 years from the date when the LTIP was adopted.

7.2.4 Holding period

At its discretion, the Board may grant LTIP Awards subject to a holding period of a maximum of two years following vesting.

7.2.5 Performance and other conditions

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the underlying measurement period for the conditions will ordinarily be three years. The proposed performance conditions for the first grant of LTIP Awards will be disclosed in the announcement of the grant of those LTIP Awards.

Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of LTIP Awards.

7.2.6 Malus

The Board may decide, at the vesting of LTIP Awards or at any time before, that the number of Ordinary Shares subject to an LTIP Award will be reduced (including to nil) on the basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company,

- the assessment of any performance condition or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information,
- the discovery that any information used to determine the number of Ordinary Shares subject to an LTIP Award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct, or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.

7.2.7 Vesting and exercise

LTIP Awards will normally vest, and LTIP Options will normally become exercisable, on the third anniversary of the date of grant of the LTIP Award to the extent that any applicable performance conditions have been satisfied and to the extent permitted following any operation of malus or clawback. LTIP Options will remain exercisable for a period determined by the Board at grant which will not exceed 10 years from grant.

7.2.8 Clawback

The Board may apply clawback to all or part of a participant's LTIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an Award. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards.

7.2.9 Cessation of employment

Except in certain circumstances, set out below, an LTIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

If a participant ceases to be employed because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an "**LTIP Good Leaver Reason**"), the participant's LTIP Award will ordinarily vest on the date when it would have vested if the participant had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an LTIP Good Leaver Reason, the Board can alternatively decide that the participant's LTIP Award will vest early when the participant leaves. If a participant dies, a proportion of the participant's LTIP Award will normally vest on the date of the participant's death. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that LTIP Options vest for an LTIP Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines) and will lapse at the end of that period. To the extent that LTIP Options vest following death of a participant, they may normally be exercised for a period of 12 months following death and will lapse at the end of that period.

7.2.10 Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the LTIP Awards will vest early. The proportion of the LTIP Awards which vest will be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards will vest. The proportion of the LTIP Awards which vest will be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time. LTIP Options that vest in these circumstances may be exercised during the period the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

7.3 The ABP

The ABP was adopted by the Board on 8 October 2015 and approved by the Company's shareholders on 21 October 2015. The ABP incorporates the Company's executive bonus scheme as well as a mechanism for the deferral of bonus into awards over Ordinary Shares. The ABP will operate in respect of the annual bonus earned for the 2015 financial year, with the first deferred awards over Ordinary Shares under the ABP to be made in 2016.

7.3.1 Status

The ABP is both a cash bonus plan and a discretionary executive share plan under which a proportion of a participant's bonus may be deferred into an award over Ordinary Shares. Under the ABP, the Board may, within certain limits, grant to eligible employees deferred awards over Ordinary Shares taking the form of: (i) nil cost options over Ordinary Shares ("**ABP Options**") and/or (ii) conditional awards (i.e. a conditional right to acquire Ordinary Shares) ("**ABP Conditional Awards**") and/or (iii) Ordinary Shares which are subject to restrictions and the risk of forfeiture ("**ABP Restricted Shares**" and, together with ABP Options and ABP Conditional Awards, "**ABP Awards**"). No payment is required for the grant of an ABP Award.

7.3.2 Eligibility

All employees (including Executive Directors) of the Group are eligible to participate in the ABP at the discretion of the Board.

7.3.3 Bonus opportunity

Participants selected to participate in the ABP for a financial year of the Company will be eligible to receive an annual bonus subject to satisfying performance conditions and targets set for that financial year. The Board may determine that a proportion of a participant's annual bonus will be deferred into an ABP Award. The maximum bonus (including any part of the bonus deferred into an ABP Award) deliverable under the ABP will be 125% of a participant's annual base salary. The Board will determine the bonus to be delivered following the end of the relevant financial year.

Except in certain circumstances, an ABP participant who ceases to be employed by or hold office with the Group before the bonus determination is made will cease to be eligible to receive a bonus. However, if a participant so ceases because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an "**ABP Good Leaver Reason**"), the participant will remain eligible for a bonus. The performance conditions and targets will be considered and the bonus will be deliverable in the same way and at the same time as if the individual had not ceased to be employed or hold office with the Group, unless the Board otherwise decides, although the value of the bonus will be pro-rated to reflect the reduced period of time between the start of the financial year and the participant's cessation of employment as a proportion of that financial year.

In addition, if a corporate event occurs as described below, a participant will be eligible to receive a bonus as soon as practicable after the relevant event, the amount of which will be determined by the Board taking into

account the performance conditions and targets. The value of the bonus will be pro-rated to reflect the reduced period of time between the start of the financial year and the relevant corporate event as a proportion of the relevant financial year, unless the Board otherwise decides.

Malus and clawback provisions apply to a bonus awarded under the ABP as described below.

7.3.4 Grant of ABP Awards

The Board may determine that a proportion of a participant's annual bonus will be deferred into an ABP Award.

There is a maximum limit on the market value of Ordinary Shares granted to any employee under an ABP Award of 50% of the total annual bonus for that individual. For the first grant of ABP Awards that will be made in 2016 in respect of the annual bonus earned in the 2015/16 financial year the maximum limit on the market value of Ordinary Shares granted to the Executive Directors will be no more than one-third of their basic annual salary. ABP Awards may be granted during the 42 days beginning on: (i) Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the ABP Award at that time; or (iv) the day after the lifting of any dealing restrictions.

No ABP Awards may be granted more than 10 years from the date when the ABP was adopted.

7.3.5 Holding period

At its discretion, the Board may grant ABP Awards subject to a holding period of a maximum of up to two years following vesting.

7.3.6 Malus

The Board may decide: (i) at the time of payment of a cash bonus or at any time before to reduce the amount of the bonus (including to nil); and/or (ii) at the vesting of an ABP Award or any time before, that the number of Ordinary Shares subject to a ABP Award will be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company,
- the assessment of any performance condition or condition in respect of a ABP Award was based on error, or inaccurate or misleading information,
- the discovery that any information used to determine the number of Ordinary Shares subject to a ABP Award was based on error, or inaccurate or misleading information,
- action or conduct of a participant which amounts to fraud or gross misconduct, or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.

7.3.7 Vesting and exercise

ABP Awards will normally vest on the third anniversary of the date of grant of the ABP Award to the extent permitted following any operation of malus or clawback. ABP Options will remain exercisable for a period determined by the Board at grant which will not exceed 10 years from the date of grant.

7.3.8 Clawback

The Board may apply clawback to all or part of a participant's cash bonus and/or ABP Award in substantially the same circumstances as apply to malus (as described above) during the period of three years following the determination of the bonus by reference to which the ABP Award was granted. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards or bonuses.

7.3.9 Cessation of employment

Except in certain circumstances, set out below, an ABP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

If a participant ceases to be employed because of the participant's ill-health, injury, disability, redundancy, retirement with the agreement of the participant's employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an "**ABP Good Leaver Reason**"), the participant's ABP Award will ordinarily vest on the date when it would have vested if the participant had not so ceased to be a Group employee or director, subject to the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an ABP Good Leaver Reason, the Board can alternatively decide that the participant's ABP Award will vest early when the participant leaves. If a participant dies, a proportion of the participant's ABP Award will vest on the date of the participant's death. The extent to which a ABP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the ABP Award has been held and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that ABP Options vest for an ABP Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that ABP Options vest following the death of a participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

7.3.10 Corporate Events

In the event of a takeover, scheme of arrangement or winding-up of the Company, the ABP Awards will vest early. The proportion of the ABP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the ABP Award has been held by the participant.

To the extent that ABP Options vest in the event of a takeover, scheme of arrangement or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that ABP Awards shall vest. The proportion of the ABP Awards which vest will be determined by the Board taking into account, among other factors, the period of time the ABP Award has been held by the participant. ABP Options that vest in these circumstances may be exercised during the period the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that ABP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

7.4 The SOP

The SOP was adopted by the Board on 8 October 2015 and approved by the Company's shareholders on 21 October 2015.

7.4.1 Status

Under the SOP, the Board may, within certain limits, grant to eligible employees options over Ordinary Shares ("**SOP Options**"). The Company has also established a sub-plan to the SOP which permits the grant of SOP Options designed to meet the requirements of a company share option plan ("**CSOP**") for the purposes of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 ("**CSOP Options**"). The provisions of the SOP apply to SOP Options granted under the sub-plan subject to an insofar as permitted by the applicable requirements of the CSOP legislation.

7.4.2 Eligibility

All employees of the Group (other than directors of the Company) are eligible to participate in the SOP at the discretion of the Board.

7.4.3 Grant of SOP Options

The Board may grant SOP Options over Ordinary Shares to eligible employees with a maximum total market value in any financial year of up to 100% of the relevant individual's annual base salary or up to 150% of the relevant individual's annual base salary in circumstances the Board considers to be exceptional. The sub-plan to the SOP permits the grant of SOP Options over Ordinary Shares with a total market value of up to the permitted limit under a CSOP (currently £30,000 per employee).

The exercise price per Ordinary Share will be determined by the Board and will not be less than the market value of the Ordinary Share determined in accordance with the rules of the SOP. For the first grant of SOP Options, which it is anticipated will take place at or shortly after Admission, the Board reserves the right to calculate market value by reference to the Offer Price.

SOP Options may be granted during the 42 days beginning on: (i) Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the SOP Options at that time; or (iv) the day after the lifting of any dealing restrictions.

No SOP Options may be granted more than 10 years from the date when the SOP was adopted.

7.4.4 Holding period

At its discretion, the Board may grant SOP Options subject to a holding period of a maximum of two years following vesting.

7.4.5 Performance and other conditions

The Board may impose performance conditions on the vesting of SOP Options. Where performance conditions are specified for SOP Options, the underlying measurement period for the conditions will ordinarily be three years.

Any performance conditions applying to SOP Options may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of SOP Options.

7.4.6 Malus

The Board may decide, at the vesting of SOP Options or any time before, that the number of Ordinary Shares subject to an SOP Options will be reduced (including to nil) on the basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting an adjustment in the audited accounts of the Group or any Group company,
- the assessment of any performance condition or condition in respect of a SOP Option was based on error, or inaccurate or misleading information,
- the discovery that any information used to determine the number of Ordinary Shares subject to a SOP Option was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct, or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.

7.4.7 Vesting and exercise

SOP Options will normally vest and become exercisable on the third anniversary of the date of grant of the SOP Option to the extent that any applicable performance conditions have been satisfied and to the extent permitted following any operation of malus or clawback. SOP Options will remain exercisable for a period determined by the Board at grant which will not exceed 10 years from grant.

7.4.8 Clawback

The Board may apply clawback to all or part of a participant's SOP Option in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an Option. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards.

7.4.9 Cessation of employment

Except in certain circumstances, set out below, a SOP Option will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

If a participant ceases to be employed because of his ill-health, injury, disability, redundancy, retirement with the agreement of the participant's employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each a "**SOP Good Leaver Reason**"), the participant's SOP Option will ordinarily vest on the date when it would have vested if the participant had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an SOP Good Leaver Reason, the Board can alternatively decide that the participant's SOP Option will vest early when the participant leaves. If a participant dies, a proportion of the participant's SOP Option will normally vest on the date of the participant's death. The extent to which an SOP Option will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the SOP Option has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that SOP Options vest for an SOP Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that SOP Options vest following the death of a participant, they may normally be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

7.4.10 Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the SOP Options will vest early. The proportion of the SOP Options which vest will be determined by the Board taking into account, among other factors, the period of time the SOP Options has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that SOP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that SOP Options will vest. The proportion of the SOP Options which vest will be determined by the Board taking into account, among other factors, the period of time the SOP Options has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time. SOP Options that vest in these circumstances may be exercised during the period the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that SOP Options will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

7.5 Provisions applying to each of the Discretionary Plans

7.5.1 Awards not transferable

Awards granted under the Discretionary Plans are not transferable other than to the participant's personal representatives in the event of the participant's death provided that awards and Ordinary Shares may be held by the trustees of an employee as nominee for the participants.

7.5.2 Limits

The Discretionary Plans may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market. The rules of each of the Discretionary Plans provide that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employees' share scheme operated by the Company. In addition, the rules of each of the Discretionary Plans provide that, in any period of 10 calendar years, not more than 5% of the Company's issued ordinary share capital may be issued under the relevant plan and under any other discretionary share scheme adopted by the Company. Ordinary Shares issued out of treasury under the relevant Discretionary Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. Ordinary Shares issued or to be issued pursuant to awards granted before Admission or within 42 days beginning on Admission will not count towards these limits. In addition, awards which are renounced or lapse will be disregarded for the purposes of these limits.

7.5.3 Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under each of the Discretionary Plans, including the number of Ordinary Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

7.5.4 Dividend equivalents

In respect of any award granted under any of the LTIP and the ABP, the Board may decide that participants will receive a payment (in cash and/or additional Ordinary Shares) equal in value to any dividends that would have been paid on the Ordinary Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

7.5.5 Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the Discretionary Plans with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Ordinary Shares.

7.5.6 Rights attaching to Ordinary Shares

Except in relation to the award of Ordinary Shares subject to restrictions, Ordinary Shares issued and/or transferred under the Discretionary Plans will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an option is exercised or an award vests will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Shares subject to restrictions will have the same rights as a holder of Ordinary Shares in issue at the time that the participant acquires the Ordinary Shares, save to the extent set out in the agreement with the participant relating to those Ordinary Shares.

7.5.7 Amendments

The Board may, at any time, amend the provisions of any of the Discretionary Plans in any respect. The prior approval of the Company in a general meeting must be obtained in the case of any amendment to the advantage

of participants which is made to the provisions relating to eligibility, individual or overall limits, the price payable for Ordinary Shares (in the case of the SOP), the persons to whom an award can be made under the relevant Discretionary Plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the relevant Discretionary Plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

7.5.8 Overseas plans

The Board may, at any time, establish further plans based on the LTIP, the ABP and/or the SOP for overseas territories. Any such plan will be similar to the LTIP, the ABP or the SOP, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must count against the limits on individual and overall participation under the relevant plan.

7.5.9 Benefits not pensionable

The benefits received under the Discretionary Plans are not pensionable.

7.6 The SIP

The SIP was adopted by the Board on 8 October 2015 and approved by the Company's shareholders on 21 October 2015.

7.6.1 Status

The SIP is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 so that Ordinary Shares can be provided to UK employees under the SIP in a tax-efficient manner.

Under the SIP, eligible employees may be: (i) awarded up to £3,600 worth of free Ordinary Shares ("**SIP Employee Free Shares**") each year; (ii) offered the opportunity to buy Ordinary Shares with a value of up to the lower of £1,800 and 10% of the employee's pre-tax salary a year ("**Partnership Shares**"); (iii) given up to two free Shares ("**Matching Shares**") for each Partnership Share bought; and/or (iv) allowed or required to purchase Ordinary Shares using any dividends received on Ordinary Shares held in the SIP ("**Dividend Shares**"). The Board may determine that different limits will apply in the future should the relevant legislation change in this respect.

7.6.2 SIP Trust

The SIP operates through a UK-resident trust (the "**SIP Trust**"). The trustee of the SIP Trust purchases or subscribes for Ordinary Shares that are awarded to or purchased on behalf of participants in the SIP. A participant will be the beneficial owner of any Ordinary Shares held on his behalf by the trustee of the SIP Trust. Any Ordinary Shares held in the SIP Trust will rank equally with Ordinary Shares then in issue.

If a participant ceases to be in relevant employment, the participant will be required to withdraw his SIP Employee Free Shares, Partnership Shares, Matching Shares and Dividend Shares from the SIP Trust (or the SIP Employee Free Shares, Partnership Shares, Matching Shares may be forfeited as described below).

7.6.3 Eligibility

Each time that the Board decides to operate the SIP, all UK resident tax-paying employees of the Company and its subsidiaries participating in the SIP must be offered the opportunity to participate. Other employees may be permitted to participate. Participants invited to participate may be required to have completed a minimum qualifying period of employment before they can participate, as determined by the Board in relation to any award of Ordinary Shares under the SIP which may be different for each type of award from time to time. In the case of SIP Employee Free Shares (and, in certain circumstances, Partnership Shares and Matching Shares) that period must not exceed 18 months or, in certain other circumstances and only in the case of Partnership Shares or Matching Shares, six months.

7.6.4 Limits

The SIP may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market. The rules of the SIP provide that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the SIP and under any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury for the SIP will count towards this limit for so long as this is required under institutional shareholder guidelines. Ordinary Shares issued or to be issued pursuant to awards granted before Admission or within 42 days beginning on Admission will not count towards these limits. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

7.6.5 SIP Employee Free Shares

Up to £3,600 worth of SIP Employee Free Shares may be awarded to each employee in a tax year. SIP Employee Free Shares must be awarded on the same terms to each employee, but the number of SIP Employee Free Shares awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and, if the Company so chooses, the satisfaction of performance targets based on business results or other objective criteria. There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the participant cannot withdraw the SIP Employee Free Shares from the SIP Trust (or otherwise dispose of the SIP Employee Free Shares) unless the participant leaves relevant employment.

The Board, at its discretion, may provide that the SIP Employee Free Shares will be forfeited if the participant leaves relevant employment other than due to injury, disability, redundancy or retirement, or by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employment is employment by an associated company by reason of a change of control or other circumstances ending that company's status as an associated company (each a "**SIP Good Leaver Reason**") or on death. Forfeiture can only take place within three years of the SIP Employee Free Shares being awarded.

7.6.6 Partnership Shares

The Board may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is the lower of £1,800 or 10% of pre-tax salary in any tax year. The minimum salary deduction permitted, as determined by the Board, must be no greater than £10 on any occasion. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months (the "**Accumulation Period**") or Partnership Shares can be purchased out of deductions from the participant's pre-tax salary when those deductions are made. A participant and the Company may agree to vary the amount of salary deductions and the intervals of those deductions. If there is an Accumulation Period, the number of Ordinary Shares purchased will be determined by dividing the participant's aggregate pay deducted during the Accumulation Period by the market value of the Partnership Shares at the time of the acquisition or the start of the Accumulation Period.

Once acquired, Partnership Shares may be withdrawn from the SIP by the participant at any time.

At the discretion of the Board, Partnership Shares may be subject to forfeiture on cessation of employment (except for a SIP Good Leaver Reason or on death), provided they are offered for sale for a price equal to the lower of the market value of the Partnership Shares at the time of their sale or the price paid for those Partnership Shares.

7.6.7 Matching Shares

The Board may, at its discretion, offer Matching Shares free to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all participants up to a maximum of two Matching Shares for every Partnership Share purchased (or such other maximum as may be provided by statute). There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the participant cannot withdraw the Matching Shares from the SIP Trust unless the participant leaves relevant employment.

The Board, at its discretion, may provide that the Matching Shares will be forfeited if the participant leaves relevant employment other than for a SIP Good Leaver Reason or on death. Forfeiture can only take place within three years of the Matching Shares being awarded.

7.6.8 Re-investment of dividends

The Board may allow or require a participant to re-invest the whole or part of any dividends paid on Ordinary Shares held in the SIP. Dividend Shares must be held in the SIP Trust for no less than three years.

Once acquired, on cessation of employment, Dividend Shares may be subject to forfeiture (except for a SIP Good Leaver Reason, or on death), provided they are offered for sale for a price equal to the lower of the market value of the Dividend Shares at the time of their sale or the amount of dividends originally reinvested into the Dividend Shares.

7.6.9 Corporate events

In the event of a general offer for the Company (or a similar takeover event taking place) during a holding period, participants will be able to direct the trustee of the SIP Trust how to act in relation to their Ordinary Shares held in the SIP. In the event of a corporate re-organisation, any Ordinary Shares held by participants may be replaced by equivalent shares in a new holding company.

7.6.10 Variation of capital

Ordinary Shares acquired on a variation of share capital of the Company will usually be treated in the same way as the Ordinary Shares acquired or awarded under the SIP, in respect of which the rights were conferred and as if they were acquired or awarded at the same time.

7.6.11 Rights attaching to Ordinary Shares

Any Ordinary Shares allotted under the SIP will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

7.6.12 Amendments

The Company may at any time amend the rules of the SIP by resolution of the Board and may amend the SIP trust deed by way of a supplemental deed. The prior approval of the Company in a general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, persons to whom the award must or may be made, individual or overall limits, the basis for determining a participant's entitlement to and the terms of Ordinary Shares provided under the SIP, the price payable for Ordinary Shares under the SIP by eligible employees and/or the adjustments that may be made in the event of any variation to the share capital of the Company; save that there are exceptions for any minor amendment to benefit the administration of the SIP, to take account of the provision of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its subsidiaries or the trustees of the SIP Trust. No modification can be made which would alter, to the disadvantage of any participant, the rights the participant accrued under the SIP.

7.6.13 Overseas plans

The Board may, at any time, establish further plans for overseas territories, any such plan to be similar to the SIP but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the SIP.

7.6.14 Benefits not pensionable

The benefits received under the SIP are not pensionable.

7.7 The Sharesave Plan

The Sharesave Plan was adopted by the Board on 8 October 2015 and approved by the Company's shareholders on 21 October 2015.

7.7.1 Status

The Sharesave Plan is an all-employee savings related share option plan which has been designed to meet the requirements of Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003 so that Ordinary Shares can be acquired by UK employees in a tax-efficient manner.

7.7.2 Eligibility

Each time that the Board decides to operate the Sharesave Plan, all UK resident tax-paying employees of the Company and its subsidiaries participating in the Sharesave Plan must be offered the opportunity to participate. Other employees may be permitted to participate. Participants invited to participate may be required to have completed a minimum qualifying period of employment (which may be up to five years) before they can participate, as determined by the Board in relation to any award of an option under the Sharesave Plan.

7.7.3 Savings contract and grant of option

In order to participate in the Sharesave Plan, an employee must enter into a linked savings contract with a bank or building society to make contributions from salary on a monthly basis over a three or five year period. A participant who enters into a savings agreement is granted an option to acquire Ordinary Shares under the Sharesave Plan ("**Sharesave Option**").

The number of Ordinary Shares over which a Sharesave Option may be granted is limited to the number of Ordinary Shares that may be acquired at the Sharesave Option exercise price out of the proceeds of the linked savings contract. The exercise price per Ordinary Share will be the amount determined by the Board which will not be less than 80% (or such other percentage as is permitted by the applicable legislation) of the market value of an Ordinary Share at the date of invitation.

Contributions may be made between £5 a month and the maximum permitted under the applicable legislation (currently £500 a month) or up to such lesser sum as the Board may determine. At the end of the three or five year savings contract, employees may either withdraw their savings on a tax free basis or utilise such sum and any bonus or interest due under the savings contract to acquire Ordinary Shares under the linked Sharesave Option.

Invitations may be issued during the 42 days beginning on: (i) Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of an option at that time; or (iv) the day after the lifting of any dealing restrictions.

No Sharesave Options may be granted more than 10 years from the date when the Sharesave Plan was adopted.

Sharesave Options are not transferable and may only be exercised by the relevant employee, or in the event of death, their personal representatives.

7.7.4 Limits

The Sharesave Plan may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market. The rules of the Sharesave Plan provides that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the Sharesave Plan and under any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury under the Sharesave Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. Ordinary Shares issued or to be issued pursuant to awards granted before Admission or within 42 days beginning on Admission will not count towards these limits. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

7.7.5 Exercise of Sharesave Options

Sharesave Options may normally only be exercised for a period of six months following the maturity of the related savings contract. If not exercised by the end of this period, the relevant Sharesave Options will lapse.

Sharesave Options may be exercised earlier with the proceeds of savings made under the linked savings contract and any interest due in certain specified circumstances including death, retirement, cessation of employment due to injury, disability or redundancy, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employment is employment by an associated company by reason of a change of control or other circumstances ending that company's status as an associated company or on death.

7.7.6 Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, Sharesave Options may normally be exercised early with the proceeds of savings made under the linked savings contract and any interest due.

If there is a corporate event resulting in a new person or company acquiring control of the Company, Sharesave Options may in certain circumstances be replaced by equivalent new options over shares in the acquiring company.

7.7.7 Variation of capital

If there is a variation of share capital of the Company, the Board may make such adjustments to Sharesave Options, including the number of Ordinary Shares subject to Sharesave Options and the Sharesave Option exercise price, as it considers to be fair and reasonable.

7.7.8 Rights attaching to Ordinary Shares

Ordinary Shares issued and/or transferred under the Sharesave Plan will not confer any rights on any participant until the relevant Sharesave Option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when a Sharesave Option is exercised will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue).

7.7.9 Amendments

The Board may, at any time, amend the provisions of the Sharesave Plan in any respect. The prior approval of the Company in a general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom a Sharesave Option can be granted, the price at which Ordinary Shares can be acquired on exercise of a Sharesave Option, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the Sharesave Plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

7.7.10 Overseas plans

The Board may, at any time, establish further plans based on the Sharesave Plan for overseas territories. Any such plan shall be similar to the Sharesave Plan, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must count against the limits on individual and overall participation under the Sharesave Plan.

7.7.11 Benefits not pensionable

The benefits received under the Sharesave Plan are not pensionable.

7.8 The ESPP

The ESPP was adopted by the Board on 8 October 2015 and approved by the Company's shareholders on 21 October 2015.

7.8.1 Status

The ESPP is an employee stock purchase plan under which eligible employees are awarded options over Ordinary Shares ("**ESPP Options**"). The ESPP is designed to qualify under section 423 of the US Internal Revenue Code of 1986, as amended (the "**Code**"), giving US participants certain tax benefits on gains made under the ESPP. The ESPP will be administered by the Board.

7.8.2 Eligibility

Generally, all employees of any US company which is a subsidiary of the Company and which is designated as a participating company in the ESPP will be eligible to participate in the ESPP and to receive an ESPP Option. Employees who are citizens or residents of a non-US jurisdiction may be excluded from participation in the ESPP if such employee's participation would violate the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the ESPP to violate section 423 of the Code. The Board may impose additional eligibility requirements to the extent permitted by law.

From time to time, the Company may invite eligible employees to take part in an offering under the ESPP.

7.8.3 Limits

The ESPP may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market. The rules of the ESPP provide that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the ESPP and under any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury for the ESPP will count towards this limit so long as this is required under institutional shareholder guidelines. Ordinary Shares issued or to be issued pursuant to awards granted before Admission or within 42 days beginning on Admission will not count towards these limits. In addition, ESPP Options which are renounced or lapse shall be disregarded for the purposes of these limits.

In addition, the maximum total number of Ordinary Shares which may be used in connection with the ESPP, whatever the source of the Ordinary Shares, is 40,550,000. This figure corresponds to 10% of the Company's expected issued share capital following Admission but the actual number of Ordinary Shares which will be used under the ESPP is expected to be substantially less than this number. This number may be subject to adjustment in the event of certain changes to the corporate structure of the Company.

7.8.4 Grant of ESPP Options and individual limits

Where the Company makes offers under the ESPP, ESPP Options are made at the beginning of a specific offering period to those employees who have enrolled in the ESPP for that offering period. The offering period cannot exceed 27 months.

The price payable for each Ordinary Share under an ESPP Option will be determined by the Board, provided that the purchase price is not less than 85% of the fair market value of an Ordinary Share on the date of grant or at the end of the offering period, whichever is the lower.

Participants enrol in the ESPP by authorising payroll deductions from their salary during the relevant offering period. Under section 423 of the Code, participants may not be granted ESPP Options in any 12 month period over Ordinary Shares worth in excess of US$25,000 (measured at the time of grant).

Participants are entitled to cease their payroll deductions at any time during an offering period and may in certain circumstances be permitted to change the amount of their payroll deductions.

The Board may not grant ESPP Options after the earlier of 10 years from the date of the adoption of the ESPP by shareholders or 10 years after the date of its adoption by the Board.

The opportunity to be granted an ESPP Option is personal to participants and neither the opportunity nor any rights granted in relation to it may be transferred, assigned, pledged, charged or otherwise disposed of.

7.8.5 Exercise of ESPP Options

Provided the participant is still an employee of a participating US subsidiary of the Company at the end of an offering period, the participant's ESPP Option will automatically be exercised using the accumulated payroll deductions to purchase the maximum whole number of Ordinary Shares possible. Unless the Board determines otherwise, the purchase date will be the final dealing day of each offering period.

If a participant ceases to be employed by a participating US company which is a subsidiary of the Company for any reason, the participant's ESPP Options will lapse and any accumulated payroll deductions that have not been used to buy Ordinary Shares under the ESPP during the offering period will be returned to the participant or, in the case of cessation of employment due to death, returned to the personal representatives of the participant.

7.8.6 Corporate events

In the event of a change of control, winding-up, merger or demerger of the Company the Board will decide whether the offering period will be shortened and the date of automatic exercise and subsequent purchase of Ordinary Shares will be brought forward or ESPP Options will be cancelled and the accumulated payroll deductions returned to the participants. In certain circumstances the ESPP Options may be replaced with options of an equivalent value in the relevant acquiring company.

7.8.7 Variation of capital

If there is a variation of the share capital of the Company, the Board may make such adjustments to the number of Shares under ESPP Options as the Board determines appropriate.

7.8.8 Rights attaching to Ordinary Shares

Ordinary Shares issued and/or transferred under the ESPP will not confer any rights on any participant until the relevant ESPP Option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an ESPP Option is exercised will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue).

7.8.9 Amendments

The Board may, at any time, amend the provisions of the ESPP in any respect. The prior approval of the Company in a general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an ESPP Option can be granted, the price at which Ordinary Shares can be acquired on exercise of an ESPP Option, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the ESPP, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

7.8.10 Benefits not pensionable

The benefits received under the ESPP are not pensionable.

7.9 The Company's employee trust

The Company is intending to establish an employee trust (the "**Ibstock plc Employee Trust**" or "**EBT**") which is constituted by a trust deed which will be entered into between the Company and a trustee. The Company has the power to appoint and remove the trustee.

The EBT can be used to benefit employees and former employees of the Company and its subsidiaries and certain members of their families. The trustee of the EBT has the power to acquire Ordinary Shares. Any Ordinary Shares acquired may be used for the purposes of the New Plans or other employee share plans established by the Group from time to time.

The Group may fund the EBT by loan or gift to acquire Ordinary Shares either by market purchase or by subscription. Any awards to subscribe for Ordinary Shares granted to the EBT or Ordinary Shares issued to the EBT will count against the dilution limits that apply to the relevant plan.

The EBT will not make an acquisition of shares if that acquisition would mean that (after deducting any Ordinary Shares held as nominee for beneficiaries under the EBT) it held more than 5% of the Company's ordinary share capital, without prior shareholder approval.

7.10 Operation of New Plans

The following table summarises the operation of the New Plans following Admission:

Level	ABP	LTIP	SOP	IPO Award
Executive Directors	Maximum bonus opportunity of 100% of salary p.a. Performance conditions based on a mix of financial and operational targets. 1/3 of any bonus earned will be deferred in shares for 3 years and subject to continued employment.	LTIP award of 100% of salary. Performance conditions based on a mixture of financial and shareholder return based measures. Details of the performance conditions will be provided at the date of grant. 3 year vesting period.	n/a	n/a
Senior Executives (approximately 2)	Same bonus structure as for the Executive Directors. Maximum bonus opportunity of 30%-60% of salary p.a.	Same terms as the Executive Directors' LTIP award. LTIP award values up to 50% of salary.	n/a	n/a
Senior Executives (approximately 6)	Same bonus structure as for the Executive Directors. Maximum bonus opportunity of 30%-60% of salary p.a.	Same terms as the Executive Directors' LTIP award. LTIP award values 40%-50% of salary.		One off LTIP award up to a maximum of 100% of salary. LTIP award vested on grant. 1 year holding period from Admission for shares subject to the LTIP award.
Selected Senior Managers (approximately 16)	Same bonus structure as for the Executive Directors. Maximum bonus opportunity of 30%-60% of salary p.a.		Grant of market priced options. Initial grant 100% of salary ongoing grant levels 30%-50%. Options subject to a 3 year vesting period and continued employment.	

Conditional on Admission the SIP, the Sharesave Plan and the ESPP will be adopted. These Plans will allow the Company to offer all employees the opportunity to acquire shares in the Company.

8. Pensions

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans. See Part 6: "*Business Description – Pension Obligations and Retirement Plans*".

9. Underwriting arrangements

9.1 Underwriting Agreement

On 22 October 2015 the Company, the Directors, the Institutional Selling Shareholder, the Registrar (for itself and as agent for and on behalf of each Individual Selling Shareholder) and the Underwriters entered into the Underwriting Agreement pursuant to which each of the Underwriters has severally agreed, subject to exceptions, to use reasonable endeavors to procure subscribers or purchasers for, or themselves subscribe or purchase as the case may be, the Ordinary Shares. The Underwriting Agreement contains, among others, the following further provisions:

(a) J.P. Morgan Securities plc and UBS Limited are acting as joint sponsors and joint global co-ordinators in connection with the Offer; Barclays Bank PLC and Numis Securities Limited are acting as joint bookrunners; and J.P. Morgan Securities plc, UBS Limited, Barclays Bank PLC and Numis Securities Limited are acting as underwriters.

(b) The Company has agreed, subject to certain conditions, to allot and issue, at the Offer Price, the New Ordinary Shares to be issued in connection with the Offer.

(c) Each of the Institutional Selling Shareholder and the Registrar (as agent for and on behalf of the Individual Shareholders) has agreed, subject to certain conditions, to sell, at the Offer Price, the Existing Ordinary Shares to be sold by it in connection with the Offer.

(d) UBS Limited, as Stabilising Manager, has been granted the Over-allotment Option by the Institutional Selling Shareholder pursuant to which it may procure purchasers for or purchase up to 24,330,000 Over-allotment Shares at the Offer Price for the purposes of covering short positions arising from over-allocations, if any, in connection with the Offer and/or any sales of Shares made during the stabilisation period. Save as required by law or regulation, neither UBS Limited, as Stabilising Manager, nor any of its agents intends to disclose the extent of any over-allotments and/or stabilisation transactions under the Offer. The number of Over-allotment Shares to be issued pursuant to the Over-allotment Option, if any, will be determined not later than 21 November 2015.

(e) The Company has agreed to pay to the Joint Global Co-ordinators (on behalf of the Underwriters) a base commission which, in aggregate, amounts to 1.75% of the Offer Price multiplied by the aggregate number of New Ordinary Shares to be allotted, issued and delivered pursuant to the Offer, together with any applicable value added tax thereon.

(f) Each of the Institutional Selling Shareholder and the Registrar (for itself and as agent for and on behalf of the Individual Shareholders) has agreed to pay the Joint Global Co-ordinators (on behalf of the Underwriters) a base commission which, in aggregate, amounts to 1.75% of the Offer Price multiplied by the aggregate number of Existing Ordinary Shares sold pursuant to the Offer, together with any applicable value added tax thereon.

(g) The Institutional Selling Shareholder has agreed to pay the Stabilising Manager (on behalf of the Underwriters) a base commission, which in aggregate, amounts to 1.75% of the Offer Price multiplied by the aggregate number of Over-allotment Shares to be sold and delivered pursuant to the Offer, together with any applicable value added tax thereon.

(h) The Company has also agreed, in its absolute discretion, to pay a discretionary commission to the Joint Global Co-ordinators (on behalf of the Underwriters) of up to 1.25% of an amount equal to the Offer Price multiplied by the aggregate number of New Ordinary Shares issued pursuant to the Offer, together with any applicable value added tax thereon, within 90 days after the completion of the Offer.

(i) The Institutional Selling Shareholder has also agreed, in its absolute discretion, to pay a discretionary commission to the Joint Global Co-ordinators (on behalf of the Underwriters) of up to 1.25% of an amount equal to the Offer Price multiplied by the aggregate number of Existing Ordinary Shares sold pursuant to the Offer (together with any Over-allotment Shares sold pursuant to any exercise of the Over-allotment Option), together with any applicable value added tax thereon, within 90 days after the completion of the Offer.

(j) The Registrar has agreed, on behalf of the Individual Selling Shareholders in their absolute discretion, to pay a discretionary commission to the Joint Global Co-ordinators (on behalf of the Underwriters) of up to 1.25% of an amount equal to the Offer Price multiplied by the aggregate number of Existing Ordinary Shares issued pursuant to the Offer, together with any applicable value added tax thereon, within 90 days after the completion of the Offer.

(k) The obligations of the parties pursuant to the Underwriting Agreement are subject to certain conditions, including, among others, that Admission occurs by not later than 8.00 a.m. on 27 October 2015 or such later time and/or date as the Joint Global Co-ordinators may agree with the Company. The Underwriters shall be entitled to terminate the Underwriting Agreement in certain circumstances prior to Admission, including the occurrence of certain material adverse changes in the condition (financial, operational, legal or otherwise) or in the earnings, management, or business affairs or prospects of the Company and certain changes in financial, political or economic conditions.

(l) The Company has agreed to pay or cause to be paid (together with any applicable VAT) all costs, charges, fees and expenses of or arising in connection with, or incidental to, the Offer, which are estimated to amount to £17.0 million in total.

(m) The aggregate net proceeds receivable by the Company after payment of commissions, expenses and applicable taxes are expected to be £83.0 million.

(n) The Company, the Directors, the Institutional Selling Shareholder, the Registrar and the Individual Selling Shareholders (pursuant to the Deeds of Election) have given certain customary representations, warranties and undertakings to the Underwriters. The liabilities of the Directors and the Selling Shareholders are limited as to time and amount.

(o) The Company has given certain customary indemnities to the Underwriters, their affiliates (as defined in Rule 405 under the US Securities Act) and their respective directors, officers, employees and agents which, subject to certain exceptions, indemnify the Underwriters against, inter alia, claims made against them or losses incurred by them, in connection with the Offer.

9.2 Stock lending agreement

In connection with settlement and stabilisation, UBS Limited, as Stabilising Manager, has entered into the Stock Lending Agreement with the Over-allotment Shareholder. Pursuant to the Stock Lending Agreement, the Stabilising Manager will be able to borrow from the Over-allotment Shareholder up to a maximum of 15% of the total number of Offer Shares comprised in the Offer (excluding the Ordinary Shares subject to the Over-allotment Option) for the purposes, amongst other things, of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Offer. If the Stabilising Manager borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be required to return equivalent shares to the Over-allotment Shareholder in accordance with the terms of the Stock Lending Agreement.

10. Subsidiaries, investments and principal establishments

The Company is the principal operating and holding company of the Group. The principal subsidiaries and subsidiary undertakings of the Company, all of which are wholly owned, are as follows:

10.1 Subsidiaries and subsidiary undertakings

Name	Country of incorporation and registered office	Field of activity
Figgs Topco Limited	United Kingdom; R/O Devonshire House, 1 Mayfair Place, London W1J 8AJ, United Kingdom	Holding company
Figgs Midco Limited	United Kingdom; R/O Devonshire House, 1 Mayfair Place, London W1J 8AJ, United Kingdom	Holding company
Figgs Newco Limited	United Kingdom; R/O Devonshire House, 1 Mayfair Place, London W1J 8AJ, United Kingdom	Holding company
Ibstock Building Products Limited	United Kingdom; R/O Devonshire House, 1 Mayfair Place, London W1J 8AJ, United Kingdom	Holding company
Figgs Bidco Limited	United Kingdom; R/O Devonshire House, 1 Mayfair Place, London W1J 8AJ, United Kingdom	Holding company
Figgs Bidco 2 Limited	United Kingdom; R/O Devonshire House, 1 Mayfair Place, London W1J 8AJ, United Kingdom	Holding company
Ibstock Group Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Holding company

Name	Country of incorporation and registered office	Field of activity
Forticrete Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Manufacturer of concrete products
Home Building Supplies Limited	United Kingdom; R/O Russet Farm, Redlands Lane, Salehurst, Robertsbridge, East Sussex TN32 5NG, United Kingdom	Sale and distribution of building materials
Baldwin Industries Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Holding company
Anderton Concrete Products Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Manufacturer and supplier of precast and prestressed concrete products
Oakhill Holdings Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Holding company
Supreme Concrete Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Manufacturer and supplier of precast and prestressed concrete products
Gee-Co Holdings Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Brick Holding Company Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Holding company
Ibstock Brick Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Brick manufacturer
Ibstock Leasing Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Management Services Limited	Jersey; R/O 47 Esplanade, St Helier, Jersey JE1 0BD	Dormant
Ibstock Finance Company Limited	Jersey; R/O 47 Esplanade, St Helier, Jersey JE1 0BD	Dormant
Kevington Building Products Limited	United Kingdom; R/O Ibstock Brick Limited, Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Brick Leicester Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Brick Aldridge Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant

Name	Country of incorporation and registered office	Field of activity
Ibstock Brick Himley Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Westbrick Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Brick Aldridge Property Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Moore & Sons Limited	United Kingdom; R/O Russet Farm, Redlands Lane, Salehurst, Robertsbridge, East Sussex TN32 5NG, United Kingdom	Dormant
Manchester Brick & Precast Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Brick Nostell Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Brick Roughdales Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Brick Cattybrook Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Hathernware Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Ibstock Bricks (1996) Limited	United Kingdom; R/O Leicester Road, Ibstock, Leicestershire LE67 6HS, United Kingdom	Dormant
Wealdbeam Systems Limited	United Kingdom; R/O Russet Farm, Redlands Lane, Salehurst, Robertsbridge, East Sussex TN32 5NG, United Kingdom	Dormant
Loopfire Systems Limited	United Kingdom; R/O Russet Farm, Redlands Lane, Salehurst, Robertsbridge, East Sussex TN32 5NG, United Kingdom	Dormant
Glen-Gery Corporation	United States; R/O 1166 Spring Street, P.O. Box 7001, Wyomissing, PA 19610-6001, United States	Brick manufacturer
Landmark Stone Products LLC	United States; R/O 267 Safety Way Road, Cynthiana, KY 41031, United States	Stone manufacturer
Redfield Quarry LLC	United States; R/O Highway 6, Redfield, IA 50233, United States	Dormant

10.2 Principal establishments

The following are the principal establishments of the Group in addition to the manufacturing facilities described in *Part 6*: "*Business Description*". All properties are located in the United Kingdom and the United States.

Name and location	Type of facility	Tenure
Ibstock Brick Limited Leicester Road, Ibstock Leicestershire United Kingdom LE67 6HS	Office	Owned
1166 Spring Street P.O. Box 7001 Wyomissing PA 19610-6001 United States	Office	Owned

11. Statutory auditor

By resolution of the Directors dated 8 October 2015, Ernst & Young LLP whose address is at No. 1 Colmore Square, Birmingham B4 6HQ, was appointed as the statutory auditor to the Company. The financial information contained in this Prospectus does not constitute full statutory accounts as referred to in section 434(3) of the Act.

Ernst &Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

12. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this document which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

12.1 Underwriting Agreement

The Underwriting Agreement is described in paragraph 9 "Underwriting arrangements" of this Part 14.

12.2 Relationship Agreement

(a) On 22 October 2015, the Company entered into the Relationship Agreement with the Institutional Selling Shareholder which will, conditional on Admission, for such time as the Institutional Selling Shareholder's shareholding in the Company exceeds 10%, regulate the on-going relationship between the Company and the Institutional Selling Shareholder following Admission.

(b) The principal purpose of the Relationship Agreement is to ensure that where, following Admission, the Institutional Selling Shareholder's shareholding in the Company exceeds 10%, the Company is capable of carrying on its business independently of the Institutional Selling Shareholder and that transactions and relationships with the Institutional Selling Shareholder (including any transactions and relationships with any member of the Group) are conducted at arm's length and on normal commercial terms.

(c) The provisions of the Relationship Agreement imposing obligations on the Institutional Selling Shareholder will remain in full force and effect, in respect of Institutional Selling Shareholder, for so long as Institutional Selling Shareholder, together with its associates, holds Ordinary Shares representing at least 10% of the Ordinary Shares in issuance by the Company from time to time (save that the Institutional Selling Shareholder may terminate the Relationship Agreement if the Company ceases to be admitted to listing on the Official List).

(d) Under the Relationship Agreement, the Institutional Selling Shareholder has agreed that:

    (i) neither the Institutional Selling Shareholder nor any of its associates shall take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules;

(ii) neither the Institutional Selling Shareholder nor any of its associates shall propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;

(iii) neither the Institutional Selling Shareholder nor any of its associates shall exercise any of its voting rights in a way that would be inconsistent with, or breach any of the provisions of the Relationship Agreement;

(iv) the Institutional Selling Shareholder and each of its associates will allow the Company to operate on an independent basis;

(v) the Institutional Selling Shareholder must not, and must procure that its associates do not take any action that would prevent the Company from complying with the principles of good governance set out in the Governance Code (save as disclosed in this Prospectus or as previously agreed in writing by a majority of the independent Directors);

(vi) neither the Institutional Selling Shareholder nor any of its associates shall take any action that would have the effect of preventing the Company and its subsidiaries from complying with applicable provisions of the Listing Rules, the Disclosure and Transparency Rules, FSMA and the Governance Code (save as disclosed in this Prospectus or as previously agreed in writing by a majority of the independent Directors);

(vii) any transactions and arrangements between the Company or any of its associates and the Institutional Selling Shareholder or any of its associates shall be at arm's length on normal commercial terms and in accordance with the related party rules set out in Chapter 11 of the Listing Rules; and

(viii) the Institutional Selling Shareholder shall, and shall use all reasonable endeavours to procure that its associates shall, abstain from voting on any resolution required by paragraph 11.1.7R(3) of the Listing Rules to approve a "related party transaction" involving the Institutional Selling Shareholder or any of its associates.

(e) Under the Relationship Agreement, the Institutional Selling Shareholder has a right to nominate for appointment two non-executive directors (each a "**Shareholder Director**") to the Board of the Company whilst its and its associates' shareholding in the Company exceeds 25% and to nominate for appointment one Shareholder Director to the Board of the Company whilst its and its associates' shareholding in the Company exceeds 10%. If the Institutional Selling Shareholder's and its associates' shareholding in the Company is reduced to 25% or less, but greater than 10% and two Shareholder-nominated non-executive directors are appointed to the Board of the Company, the Institutional Selling Shareholder will, if requested by the Board, procure that one of its nominated Shareholder Directors resigns from the Board. If the Institutional Selling Shareholder's and its associates shareholding in the Company is reduced to 10% or less, the Institutional Selling Shareholder will, if requested by the Board, procure that all of its remaining nominated Shareholder Directors resign from the Board. In addition, for as long as the Institutional Selling Shareholder and its associates' shareholding in the Company exceeds 10%, the Institutional Selling Shareholder shall also be entitled to appoint one member of the Nomination Committee and to send an observer to meetings of the Remuneration Committee and the Audit and Risk Committee.

(f) The Company has agreed, to the extent permitted by applicable law and regulation (including the FCA's code of market conduct, the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules), to supply the Institutional Selling Shareholder with all such information reasonably requested by the Institutional Selling Shareholder or Bain Capital: (i) to complete any tax return or other filing which may be required by law or regulation; (ii) for any audit or regulatory reason; or (iii) to meet its financial reporting requirements. Save as may be required to be disclosed by law or regulation, the Institutional Selling Shareholder has agreed that any information provided shall be kept confidential and shall be disclosed on the basis that the Company accepts no responsibility for or liability in respect of such information.

(g) If the Institutional Selling Shareholder and/or certain of its associates, either alone or jointly with any person, has or acquires any direct or indirect interest (and such interest is greater than 5% of the voting rights) in certain businesses of certain key competitors of the Company, the Institutional Selling Shareholder will procure, if requested by the Board, that all its nominated directors resign from the Board.

(h) Subject to the Company's compliance with requirements of the Listing Rules (including, without limitation, the related party rules in Chapter 11), the Prospectus Rules and the Disclosure and Transparency Rules (such compliance to be determined by the Company in good faith), the Company shall procure that the Group's senior management shall provide reasonable assistance to the Institutional Selling Shareholder in

relation to any proposed sale of shares by the Institutional Selling Shareholder or its associates at any time following Admission including reasonable attendance at bank diligence meetings and investor meetings in connection with any such sale (provided that reasonable expenses of the Company and the management team are reimbursed by the Institutional Selling Shareholder).

(i) For so long as Institutional Selling Shareholder or its concert parties holds in aggregate an interest in 30% or more of the aggregate voting rights in the Company and subject (where necessary) to the prior consent of the Takeover Panel, the Company has undertaken to procure that at the first annual general meeting of the Company and thereafter once in every calendar year, to propose to its independent shareholders a resolution to waive, in accordance with Appendix 1 to the City Code, all obligations of the Institutional Selling Shareholder (and/or its concert parties) to make a general offer for Shares in accordance with Rule 9 of the City Code that may otherwise arise as a result of the Company purchasing or effecting any other transaction in relation to Shares or related securities.

The Company has also agreed not to undertake any transaction that may reasonably be expected to give rise to an obligation for the Institutional Selling Shareholder to make an offer under Rule 9 of the City Code, unless the Company has first obtained a waiver of Rule 9 from the independent shareholder (as per above) in accordance with Appendix 1 to the City Code or has otherwise obtained the necessary waivers or consents from the Takeover Panel to prevent such obligation from applying.

The Directors believe that the terms of the Relationship Agreement as described above will enable the Group to carry on its business independently of the Institutional Selling Shareholder, and/or its associates, and ensure that all transactions and relationships between the Company and/or the members of the Group, on the one hand, and the Institutional Selling Shareholder and/or its associates, on the other hand, are, and will be, conducted at arm's length and on normal commercial terms.

12.3 Reorganisation Deed

The Reorganisation is described in paragraph 2 "*Reorganisation*" of this *Part 14*.

12.4 New Facilities Agreement

On 12 September 2015, the Company entered into a £240.0 million unsecured facilities agreement (the "**New Facilities Agreement**") with UBS Limited, Barclays Bank PLC, J.P. Morgan Limited and Lloyds Bank plc as mandated lead arrangers and bookrunners, with Lloyds Bank plc as underwriter, which will provide for a £200.0 million term loan A facility (the "**New Term Loan**") and a £40.0 million revolving credit facility (the "**New Revolving Facility**", together with the New Term Loan, the "**New Facilities**"). The New Term Loan will have an amortisation of £15 million per annum, which the Group may elect to waive once during the five-year term. The New Facilities Agreement is governed by English law and is conditional upon Admission and repayment and cancellation of the facilities under the Senior Facilities Agreement and the Revolving Credit Agreement before or on the date of first utilisation (the "**Closing Date**") and customary closing conditions.

(a) Purpose, fees and currency

The funds available under the New Term Loan will be used to (i) refinance existing debt and paying any related costs: (ii) payment of fees, costs and expenses incurred by the Group in connection with Admission; and (iii) any general corporate purposes of the Group to the extent specified in the funds flow. The New Revolving Facility will be made available for general corporate purposes and working capital purposes of the Group and can be utilised by way of loans, letters of credit, bank guarantees, performance bonds or ancillary facilities. A commitment fee applies to the New Revolving Facility at a rate of 35% per annum of the then applicable margin payable on the unused and uncancelled amount of the New Revolving Facility payable from the Closing Date. An arrangement fee, which is in line with customary terms for such facilities, will be paid in respect of the New Facilities Agreement and certain customary fees will also be payable to the facility agent. The New Term Loan may be drawn in pounds sterling and the New Revolving Facility may be drawn in pounds sterling, Euro, US dollars and certain other currencies that may be agreed with the relevant lenders.

(b) Maturity and voluntary prepayment

Each of the New Term Loan and the New Revolving Facility will mature on the date falling five years from the Closing Date. Any amounts still outstanding at that time will then be due and payable. Subject to certain

conditions, all or part of the utilisations under the New Facilities Agreement may be voluntarily prepaid and all or part of the available commitment may be cancelled. Other than in respect of revolving facilities, any amount prepaid may not be redrawn but the relevant lenders do not have the right to decline any voluntary prepayments.

(c) Mandatory prepayment

In addition to voluntary prepayment, prepayment will be required in full or part under certain circumstances including (i) on the occurrence of an illegality event (that is, if it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the New Facilities Agreement) and (ii) if any person or group of persons acting in concert (other than Bain Capital or management) acquires more than 30% of the voting share capital or there is a sale of all or substantially all of the Group's assets, each lender may cancel its commitments under the New Facilities Agreement and require repayment of all of such commitments or participations in each utilisation under the New Facilities Agreement.

(d) Guarantors

The facilities under the New Facilities Agreement will be unsecured and will benefit from guarantees from certain companies of the Group, including those companies which each represent at least 5.0% of the consolidated EBITDA and / or the gross assets of the Group ("**Material Companies**"). The Material Companies will be required to accede to the New Facilities Agreement and, together with other obligors under the New Facilities Agreement, will represent at least, in the aggregate, 80.0% of the consolidated EBITDA and gross assets of the Group, initially determined 45 days after the Closing Date and thereafter once each financial year by reference to the Group's annual audited financial statements as delivered to the facilities agent. Any Material Companies acquired after the signing of the New Facilities Agreement will be required to accede to the New Facilities Agreement within 45 days from such acquisition, or within 60 days if incorporated in a different jurisdiction.

(e) Covenants

The New Facilities Agreement contains certain covenants customary for a listed entity, including certain financial covenants. It includes an interest cover covenant, being the ratio of consolidated pro forma EBITDA to consolidated total net cash interest expenses. The specified minimum level for the interest cover ratio is 4.00:1. The New Facilities Agreement also includes a leverage covenant, being the ratio of total net debt to consolidated pro forma EBITDA. Financial testing is specified to take place semi-annually, with the first test date falling on 30 June 2016. The leverage ratio should not exceed 3.50:1 in June 2016 and in December 2016, and 3.00:1 thereafter. For the purposes of calculating any financial covenant ratios under the New Facilities Agreement, the Group may at its election make pro forma adjustments to give pro forma effect to any acquisitions, joint ventures, disposals, restructurings, reorganisations or cost saving initiatives committed to be undertaken and taking into account any reasonably expected synergies and cost savings the Group reasonably expects to obtain in the next twelve months after an acquisition, joint venture, disposal, restructuring, reorganisation or cost saving initiative to be included for the entire relevant period if realisable at any time within a relevant period and to give pro forma effect to any incurrence, assumption or repayment of debt, provided that such synergies and cost savings are supported by commentary provided by an accounting firm or other industry specialist if in excess or 10% of the consolidated pro forma EBITDA of the Group.

(f) Events of Default

The New Facilities Agreement contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including breach of financial covenants described above and a cross-default to undisputed debt of the Group in excess of £10,000,000.

The occurrence of an event of default which is continuing would allow the lenders of the New Facilities to, amongst other things, upon written notice to the Company, accelerate all or part of the outstanding loans, cancel the commitments, declare all or part of the loans payable on demand or exercise its other rights under the New Facilities Agreement and other finance documents.

(g) Incremental Facilities and additional debt

The New Facilities Agreement includes an ability to increase the New Facilities and/or incur incremental facilities ranking pari passu with the New Facilities (the "**Incremental Facilities**") provided that the total net

leverage remains at least within 10% of the covenant level. No member of the Group or affiliate of Bain Capital may be a lender. Establishment of Incremental Facilities is subject to there being no event of default which is continuing; further, the Incremental Facilities cannot rank senior to the New Facilities; and any term loan borrowers must be the same as the borrowers under the New Term Loan. Similarly, the New Facilities Agreement grants permission for the Group to incur additional debt outside of the New Facilities Agreement pari passu with or subordinated to the New Facilities, provided that the total net leverage remains at least within 10% of the covenant level. No member of the Group or affiliate of Bain Capital may be a lender for the additional debt.

12.5 Share sale agreement relating to the Bain Acquisition

On 13 December 2014, Figgs Bidco Limited and Figgs US, Inc. (the "**Buyers**") entered into a share sale agreement (the "**SPA**") with CRH (UK) Limited and Oldcastle Architectural Inc. (together, the "**Sellers**"), pursuant to which the Buyers acquired the entire issued share capital of Ibstock Group Limited and Glen-Gery (together, the "Target"). The rights and obligations of Figgs US, Inc. were subsequently novated to Figgs Bidco 2 Limited and certain terms of the SPA amended by way of two side letters dated 4 February 2015 and 25 February 2015.

The Sellers provided certain customary warranties to the Buyers, which are subject to customary limitations on liability, such as de minimis thresholds, and liability caps. Claims made under the warranties must also be made within certain periods of time to avoid being time-barred. Figgs Bidco Limited also has the benefit of an indemnity from the Sellers in relation to certain pensions liabilities and in relation to certain uninsured industrial disease liabilities.

Under the Share Sale Agreement, the Sellers gave an indemnity with respect to the contributions payable under the Ibstock Pension Scheme. The indemnity covers 90% of contributions payable to the Ibstock Pension Scheme exceeding the contribution levels of £7 million per annum plus 16% of pensionable salaries for active members in any period of 12 months from the closing of the Bain Acquisition up until 5 April 2018, up to a maximum of £22.5 million. Under this indemnity, the Group must consult with the Sellers and give reasonable consideration for their comments before concluding any agreement with the trustees of the Ibstock Pension Scheme that will give rise to a payment obligation under the indemnity.

The Ibstock Pension Scheme has a potential equalisation liability (relating to the ages at which male and female members can take their benefits from the scheme) which, based on current estimations, could result in an additional liability for the scheme of approximately £9.0 million. The Sellers have given an indemnity in favour of the trustees of the Ibstock Pension Scheme in relation to this liability. The Group and the Sellers are currently in discussions with the Ibstock trustees of the Ibstock Pension Scheme in order to quantify the amount to be paid under the indemnity with respect to the equalisation liability.

Contingent consideration estimated to be £4.0 million (with a range of £nil to £4.0 million) is also payable under the Share Sale Agreement by Figgs Bidco Limited to the Sellers in relation to half of any tax relief accrued over a contracted amount in respect of the £60 million one-off pension contribution made as part of the Bain Acquisition.

The Sellers also undertook to the Buyers that, for a period of two years from the closing date, neither they nor their affiliates will (i) compete with the Target's business in Great Britain and certain U.S. states, or (ii) solicit any of the Target's senior employees.

For a period of 12 months following the closing date, the Buyers also undertook to maintain the benefits of the transferred employees that are substantially comparable to the benefits provided to them immediately prior to the closing date.

Furthermore, if following the Bain Acquisition the Group sells property relating to its Stourbridge or Himley sites while Figgs Bidco Limited is still controlled by funds managed by Bain Capital or any of its affiliates, CRH (UK) Limited is entitled to 50% of the purchase price exceeding £2 million. The current fair values of the Stourbridge and Himley sites are approximately £1.5 million and £2.0 million, respectively.

13. UK taxation

13.1 General

The following statements are intended to apply only as a general guide to certain UK tax considerations, and are based on current UK tax law and what is understood to be the current practice of HM Revenue and Customs

("**HMRC**") (which may not be binding on HMRC), both of which are subject to change at any time, possibly with retrospective effect. They relate only to certain limited aspects of the UK taxation treatment of shareholders who are resident and, in the case of individuals, domiciled in (and only in) the United Kingdom for UK tax purposes (except to the extent that the position of non-UK resident shareholders is expressly referred to), who hold the Ordinary Shares as investments (other than under an individual savings account or a self-invested personal pension) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The statements may not apply to certain classes of shareholders such as (but not limited to) persons acquiring their Ordinary Shares in connection with an office or employment, dealers in securities, insurance companies and collective investment schemes.

Prospective subscribers for or purchasers of Ordinary Shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Ordinary Shares or who are subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own tax advisers.

13.2 Dividends

The Company will not be required to withhold tax at source from dividend payments it makes, irrespective of the residence or particular circumstances of the shareholder receiving such dividend payment.

A shareholder's liability to taxation on dividends will depend upon the circumstances of the shareholder. Changes have been announced concerning the position of UK resident individual shareholders from April 2016. The current position for UK resident individuals, as well as the announced position from April 2016, is described in paragraph 13.2.1 "*UK resident individual shareholders*" below.

13.2.1 UK resident individual shareholders

Current position

Individual shareholders who are resident in the United Kingdom for tax purposes and receive a dividend from the Company will be entitled to a tax credit which may be set off against their total income tax liability on the dividend. Such an individual shareholder's liability to income tax is calculated on the aggregate of the dividend and the tax credit (the "**gross dividend"**) which will be regarded as the top slice of the individual's income. The tax credit will be equal to 10% of the gross dividend (i.e. the tax credit will be one-ninth of the amount of the dividend).

A UK resident individual shareholder who is not liable to income tax in respect of the gross dividend will not be entitled to reclaim any part of the tax credit.

A UK resident individual shareholder who is liable to income tax at a rate or rates not exceeding the basic rate will be subject to income tax on the dividend at the rate of 10% of the gross dividend so that the tax credit will satisfy in full such shareholder's liability to income tax on the dividend.

A UK resident individual shareholder liable to income tax at the higher rate (but not the additional rate) will be subject to income tax on the gross dividend at 32.5% to the extent that the gross dividend, when treated as the top slice of that shareholder's income, exceeds the threshold for higher rate income tax, but will be able to set the tax credit off against part of this liability. Such a shareholder will therefore have to account for additional tax equal to 22.5% of the gross dividend (or 25% of the cash dividend received) to the extent that the shareholder's income (including the gross dividend) exceeds the higher rate threshold.

A UK resident individual shareholder liable to income tax at the additional rate will be subject to income tax on the gross dividend at 37.5% to the extent that the gross dividend, when treated as the top slice of that shareholder's income, exceeds the threshold for additional rate income tax, but will be able to set the tax credit off against part of this liability. Such a shareholder will therefore have to account for additional tax equal to 27.5% of the gross dividend (or approximately 30.56% of the cash dividend received) to the extent that the shareholder's income (including the gross dividend) exceeds the additional rate threshold.

Announced position from April 2016

It was announced at the Budget on 8 July 2015 that the UK government proposes to abolish the tax credit system described above from April 2016 and introduce a new dividend tax-free allowance of £5,000 a year instead. It is

proposed that the new rates of tax on dividend income above the tax-free allowance will be 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Draft legislation effecting this change is not yet available and is proposed to be included in the UK Finance Bill 2016.

13.2.2 UK resident corporate shareholders

A corporate shareholder that is resident in the UK for tax purposes and is a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition).

Other corporate shareholders resident in the UK for tax purposes will not be subject to UK corporation tax on any dividend received from the Company so long as the dividend falls within an exempt class and certain conditions are met. For example, (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to the Company's assets on its winding up and (ii) dividends paid to a person holding less than a 10% interest in the Company, should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a corporate shareholder elects an otherwise exempt dividend to be taxable, the shareholder will be subject to UK corporation tax on dividends received from the Company, at the rate of corporation tax applicable to that corporate shareholder (currently 20%).

13.2.3 UK resident exempt shareholders

UK resident shareholders who are not liable to UK taxation on dividends, including pension funds and charities, will not be entitled to reclaim the tax credit attaching to any dividend paid by the Company.

13.2.4 Non-UK resident shareholders

A shareholder resident outside the United Kingdom for tax purposes will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to a dividend received from the Company, although this will depend on the existence and terms of any double taxation convention between the United Kingdom and the country in which such shareholder is resident.

A non-UK resident shareholder may also be subject to taxation on dividend income under local law. A shareholder who is not solely resident in the United Kingdom for tax purposes should consult their own tax advisers concerning their tax liabilities (in the United Kingdom and any other country) on dividends received from the Company, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so, and whether any double taxation relief is due in any country in which they are subject to tax.

An individual shareholder who has ceased to be resident in the United Kingdom for tax purposes for a period of five full tax years or less and who receives or becomes entitled to dividends from the Company during that period may, if the Company is treated as a close company for UK tax purposes (shareholders are referred to paragraph 13.5 (Close Company) below) and certain other conditions are met, be liable for UK income tax on those dividends on their return to the United Kingdom. Special rules apply to shareholders who are subject to tax on a "split-year" basis, who should seek specific professional advice if they are in any doubt about their position.

13.3 Capital gains

A disposal or deemed disposal of Ordinary Shares by a shareholder who is resident in the United Kingdom for tax purposes may, depending on the shareholder's circumstances and subject to any available exemptions and reliefs (such as the annual exempt amount for individuals and indexation allowance for corporate shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

Generally, an individual shareholder who has ceased to be resident in the United Kingdom for tax purposes for a period of five full tax years or less and who disposes of Ordinary Shares during that period may be liable on their return to the United Kingdom to UK taxation on any capital gain realised (subject to any available exemption or relief). Special rules apply to shareholders who are subject to tax on a "split-year" basis, who should seek specific professional advice if they are in any doubt about their position.

The applicable tax rate for an individual shareholder who is subject to income tax at a rate or rates not exceeding the basic rate and becomes liable to UK capital gains tax on the disposal of Ordinary Shares is 18%. Where an individual shareholder is subject to income tax at either the higher or the additional rate, or to the extent that any gain on the disposal takes the individual shareholder's aggregate income and gains over the higher rate threshold, the applicable rate will be 28%.

13.4 Stamp duty and stamp duty reserve tax

The statements in this paragraph 13.4 are intended as a general guide to the current position relating to UK stamp duty ("**stamp duty**") and stamp duty reserve tax ("**SDRT**") and apply to any holders of Ordinary Shares irrespective of their place of tax residence. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt arrangements and clearance services, may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

13.4.1 The Offer

Except as described below, no liability to stamp duty or SDRT will arise on the issue of the New Ordinary Shares by the Company.

The sale of Existing Ordinary Shares by the Selling Shareholders and the sale of over-allotted Ordinary Shares pursuant to any stabilisation arrangements will generally give rise to a liability to stamp duty and/or SDRT at a rate of 0.5% of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5). Under the terms of the Underwriting Agreement and the Deeds of Election the Selling Shareholders have agreed to meet such liability in connection with the sale of Existing Ordinary Shares. This includes any liability to SDRT of the original purchasers arising in respect of the initial transfer of the Existing Ordinary Shares by the Selling Shareholders within the CREST system. The Company and/or the Institutional Selling Shareholder have agreed to meet any stamp duty or SDRT liability in respect of the sale of over-allotted Ordinary Shares.

The above arrangements to meet liabilities will not apply to any charge to stamp duty or SDRT under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (which broadly apply where the transferee is, or is a nominee or agent for, either a person whose business is or includes the issuing of depositary receipts or a person whose business is or includes the provision of clearance services for the purchase and sale of chargeable securities, and are described in paragraph 13.4.3 "*Clearance services and depository receipt arrangements*" below).

13.4.2 Subsequent transfers

The conveyance or transfer on sale of Ordinary Shares outside the CREST system will generally be subject to ad valorem stamp duty on the instrument of transfer at the rate of 0.5% of the amount or value of the consideration given (rounded up to the nearest £5). An exemption from stamp duty is available on an instrument transferring Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration for the Ordinary Shares. However, where within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional) an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will generally be refunded (generally, but not necessarily, with interest) provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled.

The purchaser or transferee of the Ordinary Shares will generally be responsible for paying such stamp duty or SDRT.

13.4.3 Clearance services and depository receipt arrangements

Subject to the comments in the following paragraphs, where Ordinary Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT may be payable at a rate of 1.5% of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares.

Transfers of Ordinary Shares within a clearance service or depositary receipt system will generally be exempt from SDRT, and provided no instrument of transfer is entered into, will not be subject to stamp duty.

Clearance service providers may opt, in certain circumstances, for the normal rates of stamp duty and SDRT to apply to an issue or transfer of Ordinary Shares into, and to transactions within, the service instead of the higher rate applying to an issue or transfer of the Ordinary Shares into the clearance system and the exemption for dealings in the Ordinary Shares whilst in the system.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such service or system, which does arise, will strictly be accountable for by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will in practice be payable by the participants in the clearance service or depositary receipt system.

Following litigation, HMRC has confirmed that it will no longer seek to impose the 1.5% SDRT charge on issues of UK shares to depositary receipt issuers and clearance services anywhere in the world on the basis that the charge is not compatible with EU law. HMRC considers, though, that the 1.5% SDRT charge will still apply to transfers of shares to depositary receipt issuers or clearance services that are not an integral part of an issue of share capital. Specific professional advice should be sought before paying the 1.5% SDRT or stamp duty charge in any circumstances.

13.4.4 Ordinary Shares held through CREST

Under the CREST system for paperless share transfers, deposits of Ordinary Shares into CREST will generally not be subject to stamp duty or SDRT unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at the rate of 0.5% of the amount of value of the consideration. Paperless transfers of Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount of value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system.

13.5 Close company

It is likely that the Company is a close company within the meaning of Part 10 of the Corporation Tax Act 2010 as at the date of this Prospectus and may continue to be so following the Offer.

As a result, certain transactions entered into by the Company or other members of the Group may, in certain circumstances, have tax implications for shareholders (including but not limited to implications related to UK inheritance tax and/or implications related to shareholders' base cost in the Ordinary Shares for the purposes of UK taxation of capital gains,). There may also be consequences for certain shareholders in relation to dividends they receive or become entitled to from the Company if they cease to be resident in the United Kingdom for tax purposes and then return to the United Kingdom as described in paragraph 13.2.4 ("*Dividends – Non-UK resident shareholders*") above.

Shareholders should consult their own professional advisers on the potential impact of the close company rules.

14. US federal income taxation

The following discussion is a general summary based on present law of certain US federal income tax consequences of the acquisition, ownership and disposition of Ordinary Shares. This summary is based on the US Internal Revenue Code of 1986, final, temporary and proposed US Treasury regulations, administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect, as well as on the income tax treaty between the United States and United Kingdom as currently in force (the "**Treaty**").

The discussion is not a complete description of all tax considerations that may be relevant. It applies only to holders that acquire Ordinary Shares in the Offer, hold Ordinary Shares as capital assets and use the US dollar as their functional currency. The discussion is a general summary; it is not a substitute for tax advice. It does not address the tax treatment of investors subject to special rules, such as banks or other financial institutions, tax-exempt entities, insurance companies, dealers, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, investors liable for alternative minimum tax, US expatriates, investors that directly, indirectly or constructively own 10% or more of the Company's voting stock, investors that are resident or ordinarily resident or have a permanent establishment outside the United States or investors that hold Ordinary Shares as part of a straddle, hedging, conversion or other integrated transaction. It also does not address US state and local tax considerations or Medicare contribution tax on net investment income considerations.

As used herein, a “US Holder” means a beneficial owner of the Ordinary Shares that is for US federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation created or organised under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more US persons and the primary supervision of a US court and (iv) an estate the income of which is subject to US federal income tax without regard to its source. A “Non-US Holder” means a beneficial owner of the Ordinary Shares that is neither a US Holder nor a partnership for US federal income tax purposes.

The US federal income tax treatment of a partner in a partnership that holds Ordinary Shares will depend on the status of the partner and the activities of the partnership. Partnerships should consult their tax advisors concerning the US federal income tax consequences to their partners of the acquisition, ownership and disposition of Ordinary Shares.

14.1 Dividends

Subject to the passive foreign investment company (“**PFIC**”) rules discussed below, distributions on Ordinary Shares will generally be dividend income from foreign sources to the extent of the Company’s current and accumulated earnings and profits as determined under US federal income tax principles. The dividends will not be eligible for the dividends-received deduction available to US corporations. To the extent the amount of such a distribution exceeds the Company’s current and accumulated earnings and profits as so computed, the distribution will be treated first as a non-taxable return of capital to the extent of the US Holder’s adjusted tax basis in the Ordinary Shares and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such Ordinary Shares. The Company does not expect to maintain calculations of earnings and profits for US federal income tax purposes. Therefore, US Holders should expect that distributions will generally be reported as a dividend even if that distribution would otherwise be treated as a return of capital or as gain under the rules described above.

Dividends received by eligible non-corporate US Holders generally will be taxed at the preferential rate applicable to qualified dividend income if (i) the Company qualifies for the benefits of the Treaty, which the Company believes it does, (ii) the Company is not a PFIC in the year of distribution or the preceding year and (iii) the holder has held the Ordinary Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date.

Dividends paid in foreign currency will be included in income in a US dollar amount based on the exchange rate in effect on the date of receipt of the dividend, whether or not the currency is converted into US dollars at that time. A US Holder’s tax basis in the foreign currency will equal the US dollar amount included in income. Any gain or loss on a subsequent conversion or other disposition of the foreign currency for a different US dollar amount will be US source ordinary income or loss. If dividends received in foreign currency are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

14.2 Dispositions

Subject to the PFIC rules discussed below, a US Holder generally will recognise capital gain or loss on the sale or other disposition of Ordinary Shares equal to the difference between the US dollar value of the amount realised and the US Holder’s tax basis in the Ordinary Shares. A US Holder’s tax basis in the Ordinary Shares will generally be the US dollar cost of the Ordinary Shares. The US dollar cost of an Ordinary Share purchased with foreign currency generally will be the US dollar value of the purchase price paid in the Offer. However, if the Ordinary Shares are traded on an established securities market and the US Holder is a cash basis or electing accrual basis taxpayer, such holder’s initial tax basis in the Ordinary Shares will be the US dollar cost determined on the settlement date of the purchase. Any gain or loss generally will be treated as arising from US sources. The gain or loss will be long-term capital gain or loss if the US Holder’s holding period exceeds one year. Deductions for capital loss are subject to significant limitations.

A US Holder that receives foreign currency on the sale or other disposition of the Ordinary Shares will realise an amount equal to the US dollar value of the foreign currency on the date of sale or other disposition (or in the case of Ordinary Shares traded on an “established securities market” that are sold by a cash basis or electing accrual basis taxpayer, the settlement date). A US Holder will recognise currency gain or loss if the US dollar value of the currency received at the spot rate on the settlement date differs from the amount realised. A US Holder will have a tax basis in the foreign currency received equal to its value at the spot rate on the settlement date. Any currency gain or loss realised on the settlement date or on a subsequent conversion of the foreign currency into US dollars will be US source ordinary income or loss.

14.3 Passive Foreign Investment Company Rules

In general, a corporation organised or incorporated outside the United States is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75% of its gross income is classified as "passive income" or (ii) at least 50% of the average quarterly value attributable to its assets produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions.

The Company believes that it was not in its last taxable year, is not and will not become a PFIC for US federal income tax purposes. The tests to determine whether a company is a PFIC apply annually and a company's status can change depending, among other things, on changes in the composition and relative value of its gross receipts and assets and changes in its operations. The Company therefore cannot assure US Holders that it is not and will not become a PFIC. If the Company were a PFIC in any taxable year, in which a US Holder held the Ordinary Shares, such US Holders would be required (i) to pay a special addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Ordinary Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, dividends paid by the Company would not be eligible for the reduced rate of tax described under paragraph 14.1: "*Dividends*". US Holders may also be subject to information reporting requirements on an annual basis.

US Holders should consult their tax advisors regarding the application of the PFIC rules to the ownership and disposition of the Ordinary Shares.

14.2 Non-US Holders

A Non-US Holder generally should not be subject to US federal income or withholding tax on any distributions made on the Ordinary Shares or gain from the sale or other disposition of the Ordinary Shares unless: (i) that distribution and/or gain is effectively connected with the conduct by that Non-US Holder of a trade or business in the United States; or (ii) in the case of any gain realised on the sale or exchange of Ordinary Shares by an individual Non-US Holder, that Non-US Holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met.

14.3 Reporting and backup withholding

Dividends on Ordinary Shares and proceeds from the sale or other disposition of Ordinary Shares may be reported to the US Internal Revenue Service ("**IRS**") unless the holder establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting. Any amount withheld may be credited against the holder's US federal income tax liability subject to certain rules and limitations, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information. Non-US Holders may be required to comply with applicable certification procedures to establish that they are not US Holders in order to avoid the application of such information reporting requirements and backup withholding.

14.4 Foreign financial asset reporting

Certain US Holders that own "specified foreign financial assets" that meet certain US dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Ordinary Shares generally will constitute specified foreign financial assets subject to these reporting requirements unless the Ordinary Shares are held in an account at certain financial institutions. US Holders are urged to consult their tax advisors regarding the application of these disclosure requirements to their ownership of the Ordinary Shares.

US Holders may be required to file IRS Form 926 reporting the payment of the Offer Price for an Ordinary Share to the Company if the payment exceeds a certain threshold. Substantial penalties may be imposed upon a US Holder that fails to comply. Each US Holder should consult its own tax advisor as to the possible obligation to file IRS Form 926.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

15. The proposed financial transaction tax (“FTT”)

15.1 On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

15.2 The Commission’s Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Shares (including secondary market transactions) in certain circumstances.

15.3 Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Shares where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective holders of the Shares are advised to seek their own professional advice in relation to the FTT.

16. Enforcement and civil liabilities under US federal securities laws

The Company is a public limited company incorporated under English law. Many of the Directors are citizens of the United Kingdom (or other non-US jurisdictions), and a portion of the Company’s assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Directors or to enforce against them in the US courts judgments obtained in US courts predicated upon the civil liability provisions of the US federal securities laws. There is doubt as to the enforceability in England, in original actions or in actions for enforcement of judgments of the US courts, of civil liabilities predicated upon US federal securities laws.

17. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the 12 months preceding the date of this Prospectus which may have, or have had, a significant effect on the Company’s or the Group’s financial position or profitability.

18. Related party transactions

Save:

(a) as described in the Group’s historical financial information for the three years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, as set out in Note 29 to the consolidated historical financial information of the Company in Part 11: “*Historical Financial Information*”;

(b) for the £1.2 million final consulting fee and a £3.1 million transaction fee payable to Bain Capital described in Note 3 in Section B of Part 12: “*Unaudited Pro Forma Financial Information*”; and

(c) for the Relationship Agreement (see paragraph 12.2 “*Relationship Agreement*” of this Part 14),

there were no related party transactions entered into by the Company or any member of the Group during the financial years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015 and during the period up to the date of this Prospectus.

19. Working capital

In the opinion of the Company, taking into account the facilities available to the Group and the net proceeds receivable by the Company from the subscription of New Ordinary Shares in the Offer, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months following the date of this Prospectus.

20. No significant change

There has been no significant change in the financial or trading position of the Group since 30 June 2015, the date to which the Historical Financial Information in *Part 11:* "*Historical Financial Information*" was prepared.

21. Consents

Ernst & Young LLP has given and has not withdrawn its written consent to its inclusion of the reports in *Part 11:* "*Historical Financial Information*" and *Part 12*: "*Unaudited Pro Forma Financial Information*", in the form and context in which they appear and has authorised the contents of its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

A written consent under the Prospectus Rules is different from a consent filed with the US Securities and Exchange Commission under Section 7 of the US Securities Act. As the Ordinary Shares have not been paid and will not be registered under the US Securities Act, Ernst & Young LLP has not filed a consent under Section 7 of the US Securities Act.

22. General

22.1 The fees and expenses to be borne by the Company in connection with Admission including the FCA's fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £17.0 million (including VAT). In addition the Selling Shareholders have agreed to pay their expenses in connection with the sale of Ordinary Shares including underwriting commissions of up to approximately £7.3 million (assuming that no Over-allotment Shares are acquired pursuant to the Over-allotment Option).

22.2 Ongoing costs associated with the maintenance of Ibstock plc as a public company, including costs for non-executive directors, LTIP and compliance costs are estimated to be approximately £2 million per year.

22.3 The financial information contained in this document does not amount to statutory accounts within the meaning of section 434(3) of the Act.

23. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD, United Kingdom and at the Company's registered office at Leicester Road, Ibstock, Leicestershire United Kingdom LE67 6HS:

a) the articles of association of the Company;

b) the historical financial information of the Company in respect of the three financial years ended and as at 31 December 2012, 2013 and 2014 and the six months ended 30 June 2014 and 2015, together with the related Accountant's Report from Ernst & Young LLP, which are set out in *Part 11:* "*Historical Financial Information*";

c) the unaudited pro forma financial information, together with the related Accountant's Report from Ernst & Young LLP, which is set out in *Part 12:* "*Unaudited Pro Forma Financial Information*";

d) the consent letter referred to in paragraph 20 "*Consents*" above; and

e) this document.

PART 15
DEFINITIONS AND GLOSSARY

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

Term	Definition
"Act"	the Companies Act 2006, as amended
"Admission"	the admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
"Anderton"	Anderton Concrete Products Limited
"Articles"	the Articles of Association of the Company to be adopted upon Admission
"ASIC"	the Australian Securities and Investments Commission
"Auditors and Reporting Accountant of the Company"	Ernst & Young LLP
"Bain Acquisition"	the purchase of Ibstock Group Limited and Glen-Gery by Bain Capital
"Bain Capital"	investment funds advised by Bain Capital Europe, LLP or its affiliates, and with respect to Managing Director or Principal posts held by certain of the Directors, it means Bain Capital Europe, LLP
"Board"	the board of directors of the Company
"CAGR"	compound annual growth rate
"City Code"	the UK City Code on Take-overs and Mergers
"CMA"	the UK Competition and Markets Authority
"Company"	Ibstock plc
"Corporations Act"	the Corporations Act 2001 of the Commonwealth of Australia
"CREST"	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK and Ireland Limited is the operator
"CRH"	CRH plc
"Deeds of Election"	the deeds of share sale election pursuant to which each of the Individual Selling Shareholders has irrevocably instructed the Company to agree the sale of Ordinary Shares as agent for and on behalf of that Individual Selling Shareholder
"Deferred Shares"	the deferred shares in the Company, having the rights set out in the Articles.
"Directors"	the Executive Directors and the Non-Executive Directors
"Disclosure and Transparency Rules"	the disclosure rules and transparency rules of the FCA made for the purposes of part VI of the FSMA
"EEA"	the European Economic Area
"Environmental Protection Act 1990"	The Environmental Protection Act 1990 (as amended)
"EU"	the European Union
"Executive Directors"	the executive Directors of the Company
"Existing Ordinary Shares"	109,568,422 Ordinary Shares to be sold as part of the Offer by the Selling Shareholders
"FCA"	the Financial Conduct Authority
"Forticrete"	Forticrete Limited
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Glen-Gery"	Glen-Gery Corporation

"Governance Code"	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
"Group"	following the incorporation of the Company, the Company and its consolidated subsidiary undertakings; from 26 February 2015 until the incorporation of the Company, Figgs Topco Limited and its consolidated subsidiaries and subsidiary undertakings; and prior to 26 February 2015 Ibstock Group Limited and its consolidated subsidiaries and subsidiary undertakings and Glen-Gery and its subsidiaries
"HMRC"	HM Revenue and Customs
"Ibstock Brick"	Ibstock Brick Limited
"Ibstock Building Products"	Ibstock Building Products Limited
"Ibstock Business"	Ibstock Group Limited, Glen-Gery and their subsidiaries for the period prior to 26 February 2015; and the Group from 26 February 2015 onward
"Ibstock Group Limited"	the Parent Company of Ibstock Brick (whose subsidiaries also include Forticrete, Supreme, Anderton and Kevington)
"Ibstock plc"	the Company, and in references referring to the historical Ibstock plc, the Group that was acquired by CRH
"IFRS"	International Financial Reporting Standards, as adopted by the European Union
"Individual Selling Shareholders"	Wayne Sheppard, Kevin Sims, Mark Richmond and John Richards
"Institutional Selling Shareholder"	Diamond (BC) S.à r.l.
"J.P. Morgan Cazenove"	J.P. Morgan Securities plc (which conducts its UK investment banking services as J.P. Morgan Cazenove)
"Joint Bookrunners"	Barclays Bank PLC and Numis Securities Limited
"Joint Global Co-ordinators"	J.P. Morgan Securities plc and UBS Limited
"Joint Sponsors"	J.P. Morgan Securities plc and UBS Limited
"Listing Rules"	the listing rules of the FCA made under section 74(4) of the FSMA
"London Stock Exchange"	London Stock Exchange plc
"New Facilities Agreement"	the agreement entered into on 12 September 2015 by the Company, Ibstock Building Products, Glen-Gery and various subsidiaries of the Company, with UBS Limited, Barclays Bank plc, J.P. Morgan Limited and Lloyds Bank plc as mandated lead arrangers and bookrunners, and with Lloyds Bank plc as underwriter, which provides for a £200.0 million term loan A facility and a £40.0 million revolving credit facility, and which is conditional upon Admission, repayment and cancellation of the facilities under the Senior Facilities Agreement and the Revolving Credit Agreement, and customary closing conditions
"New Ordinary Shares"	new Ordinary Shares in the Company to be allotted and issued as part of the Offer
"Non-Executive Directors"	the non-executive Directors of the Company
"Offer"	the issue of New Ordinary Shares by the Company and the sale of Existing Ordinary Shares by the Selling Shareholders described in *Part 13:* "*Details of the Offer*"
"Offer Price"	the price at which each Ordinary Share is to be issued or sold pursuant to the Offer
"Offer Shares"	the Ordinary Shares to be issued by the Company and to be sold by the Selling Shareholders pursuant to the Offer as described in *Part 13*: "*Details of the Offer*" (excluding, for the avoidance of doubt, the Over-allotment Shares)

"Offer Size"	the number of Ordinary Shares to be sold in the Offer (excluding, for the avoidance of doubt, the Over-allotment Shares)
"Official List"	the Official List of the FCA
"Ordinary Shares"	the ordinary shares of the Company, having the rights set out in the Articles
"Over-allotment Option"	the option granted to the Stabilising Manager by the Over-allotment Shareholders to purchase, or procure purchasers for, up to 24,330,000 additional Ordinary Shares as more particularly described in *Part 13:* "*Details of the Offer*"
"Over-allotment Shareholder"	Diamond (BC) S.à r.l.
"Over-allotment Shares"	The Existing Ordinary Shares that are the subject of the Over-allotment Option
"PCAOB"	the Public Company Accounting Oversight Board (United States)
"Preference Shares"	the 43,250,000 preference shares of £0.001 each issued by Figgs Topco Limited on 4 February 2015 and held by Diamond (BC) S.à r.l.
"Prospectus"	the final prospectus approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA
"Prospectus Directive"	the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU
"Prospectus Rules"	the prospectus rules of the FCA made under Part VI of FSMA relating to offers of securities to the public and admission of securities to trading on a regulated market
"qualified institutional buyers" or "QIBs"	has the meaning given by Rule 144A
"Qualified Investors"	persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive
"Registrars"	Capita Registrars Limited
"Regulation S"	Regulation S under the US Securities Act
"Regulatory Information Service"	A primary information provider, that is a person approved by the FCA under section 89P of FSMA, or an incoming information society service that is established in an EEA state other than the United Kingdom and that disseminates regulated information in accordance with the minimum standards set out in Article 12 of the TD implementing directive.
"Relationship Agreement"	the relationship agreement entered into between the Company and Diamond (BC) S.à r.l. as described in paragraph 12.2 "*Relationship Agreement*" of *Part 14:* "*Additional Information*"
"Reorganisation"	the reorganisation of the Company in preparation for the Offer as described in paragraph 2 "*Reorganisation*" of *Part 14*: "*Additional Information*"
"Revolving Credit Agreement"	the £40 million super senior revolving credit agreement between Figgs UK Limited, Figgs Bidco Limited and Figgs Bidco 2 Limited, and Lloyds Bank plc and The Governor and Company of The Bank of Ireland
"Rothschild"	N M Rothschild & Sons Limited whose registered office is at New Court, St Swithin's Lane, London EC4N 8AL, United Kingdom
"Rule 144A"	Rule 144A under the US Securities Act
"Shareholder Loan Notes"	the shareholder loan notes issued by Figgs Midco Limited on 26 February 2015 and held by Diamond (BC) S.à r.l.

"Shareholders"	the holders of Shares in the capital of the Company
"SDRT"	stamp duty reserve tax
"Selling Shareholders"	the Individual Selling Shareholders and the Institutional Selling Shareholder
"Senior Facilities Agreement"	the senior facilities agreement between Figgs UK Limited and GSO Aiguille des Grands Montets ESDF (Luxembourg) S.à r.l., GSO COF II ESDF (Luxembourg) S.à r.l., GSO European Senior Debt Fund (Luxembourg) S.à r.l. and GSO Diamond Holdings I S.à r.l., providing for term loan facilities comprising: (i) a £250.0 million term loan and (ii) £20.0 million acquisition facility loan
"Senior Management"	the individuals listed in paragraph titled *"Senior management team" of Part 7: – "Directors, Senior Management and Corporate Governance"*
"SPA"	the share sale agreement entered into on 13 December 2014 between Figgs Bidco Limited and Figgs US, Inc. as buyers, and CRH (UK) Limited and Oldcastle Architectural Inc. as sellers, pursuant to which the buyers acquired the entire issued share capital of Ibstock Group Limited and Glen-Gery
"Stabilising Manager"	UBS Limited
"Stock Lending Agreement"	the agreement entered into by the Stabilising Manager in connection with settlement and stabilisation
"Supreme"	Supreme Concrete Limited, and when speaking about the Supreme brand, includes the operations of Anderton Concrete Limited, which are marketed under both the Supreme or Anderton Supreme brand
"UBS Investment Bank"	UBS Limited, a private company registered in England and Wales with registered number 02035362 and authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom
"UK"	the United Kingdom of Great Britain and Northern Ireland
"Underwriters"	the Joint Global Co-ordinators and the Joint Bookrunners
"Underwriting Agreement"	the underwriting agreement entered into between the Company, the Directors, the Selling Shareholders and the Underwriters described in paragraph 9 "*Underwriting arrangements*" of Part 14: "*Additional Information*"
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
"US Exchange Act"	United States Securities Exchange Act of 1934, as amended
"US GAAP"	accounting principles generally accepted in the United States
"US GAAS"	auditing standards generally accepted in the United States
"US Securities Act"	United States Securities Act of 1933, as amended

Glossary

The following terms have the meanings provided below unless the context required otherwise:

architectural masonry walling blocks	concrete blocks used in external cladding applications primarily for new build non-residential end-use
admixture	the chemicals used to aid the properties of concrete or cement
beam and block flooring system	traditional flooring system for ground and upper floors in domestic and commercial applications; the system is made up of pre-stressed, inverted 'T' beams infilled with standard building blocks
brick centres	Glen-Gery retail network
brick development association	UK and Ireland clay brick and paver industry association
brick equivalent or BE	US standard of measure for the production of bricks—1 BE is equivalent to a 4 pound brick (1.814 kg)
brick shapes	bricks customised to form specific shapes
cast stone	concrete product simulating natural cut stone, primarily used in new build residential housing
CE marks	markings applied by a manufacturer to indicate that (i) it has checked that the product meets European Union safety, health or environmental requirements and (ii) the product complies with applicable European Union legislation
Coalition government	the United Kingdom government that was created on 7 May 2015, led by David Cameron and consisting of members of the Conservative and the Liberal Democrat Parties
Construction Products Association or CPA	an association representing the UK's manufacturers and distributors of construction products and materials, which promotes and campaigns for these manufacturers and suppliers
de-hacker	machinery which takes fired bricks off kiln cars and arranges, packs and straps them together to form brick packs
extruded bricks	a process in which a clay mixture is forced through a die to create a long column which is then cut into bricks. See "wire cut bricks"
extruder	machine used to extrude. See "extruded bricks"
facing bricks	bricks with aesthetic characteristics that allow them to be used and exposed on the outside of a wall
floor beams	precast concrete structural elements used in the construction of floors
frog	the depression provided in the face of a brick during its manufacturing is known as frog in bricks
glazed	clay brick with a ceramic glazed face
gravel board	fencing foundation used primarily to preserve the life of the fencing panel which it is sited beneath; used to prevent damp from rising, and to stop general rotting from occurring; colloquially known as a kick-board
greenfield	undeveloped land in a city or rural area either used for agriculture, landscape design, or left to evolve naturally
hopper	a storage container used to dispense granular materials
housing starts	economic indicator that reflects the number of residential buildings (units) on which construction has been started in a given period
kiln	furnace used for burning bricks
landmark stone	see "cast stone"
lap	an overlap

lintels	horizontal concrete support elements used across the top of doors or windows
MACT	Maximum Achievable Control Technology
Midwest	comprises Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin
mining	in the US, the removal of material from opencast quarries, clay pits, etc. is referred to as mining; in the UK this is usually known as quarrying
modular retaining system	retaining system constructed from blocks, used to hold back, barricade, or divide walls of dirt, sand or small stone and aggregate piles
mortar	workable paste used to bind building products such as stones, bricks or concrete masonry together
morticed concrete posts	a concrete post which has mortices (shaped holes) spaced throughout; mortices are shaped to receive a projection of a particular size and shape; the Group's morticed concrete posts will typically fit with fencing materials which will be inserted into the mortice at a 90 degree angle
Northeast	comprises Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia and West Virginia
PIP	put in place, which refers to construction activity data regarding new construction activity as provided by the US Commerce Department
pre-cast concrete	construction product produced by casting concrete in a reusable mould
pre-stressed concrete	concrete strengthening method using pre-stressed steel reinforcement bars inside poured concrete
rail cable troughs	a long and narrow open concrete container designed to carry power and communication cables
RMI	repairs, maintenance and improvement
roof tile clips	a clip, typically plastic, that secures a roof tile
semi dry	process where products are manufactured with concrete discharged from a machine hopper into a mould containing steel reinforcement bars, with high frequency vibration used to compact the mixture, and then manually finished off to the required quality standard
shale	raw material used for the fabrication of bricks, which has the characteristic of burning red
slip-formed	a construction method in which concrete is poured into a continuously moving form and the pouring only stops when the full required size of a structure/object has been reached; the technique utilises concrete's relatively quick setting times
slop-moulded	for soft mud bricks, a method using water as the medium that prevents the clay from sticking to the mould
soft mud bricks	bricks made by placing clay into a mould of the form and size of the unit desired; the mould is lubricated with a medium that prevents the clay from sticking and facilitates the brick's release once the soft mud brick is fired in a kiln and cooled
stock brick	another name for soft mud bricks usually associated with smooth sanded bricks
T beams	load-bearing structures of reinforced concrete, wood or metal, with T-shaped cross sections
tunnel kiln technology	advanced brick making technology consisting of a continuous moving ware kiln in which clay products to be fired (wares) are passed on cars through a long horizontal tunnel

welded mesh — a prefabricated joined grid consisting of a series of parallel longitudinal wires with accurate spacing, welded to cross wires at the required spacing

wet cast — manufacturing process where steel reinforcement bars are placed into a mould and concrete is discharged from the machine hopper into the mould; the concrete is either self-compacting (using the addition of a chemical admixture) or standard wet concrete where a vibrator is used to consolidate the material

wire cut bricks — a brick cut from clay shaped by extrusion before being fired in the kiln; the long column of extruded clay is cut into bricks by a set of wires

water struck bricks — soft mud bricks made using water as the mould ejection medium, rather than sand

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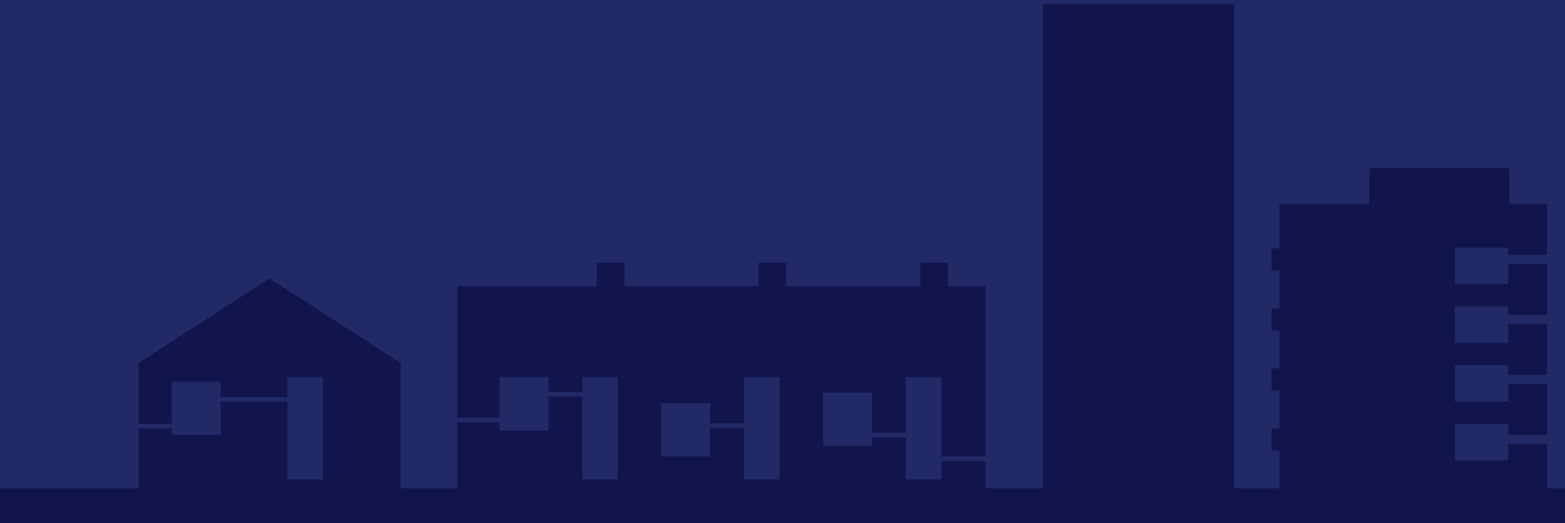

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