Annual Report 2014

Aliaxis

Key figures

(in € million)	2014	2013	2012	2011	2010
Revenue	**2,694**	2,507	2,377	2,235	2,123
Current EBITDA	**317**	304	299	272	265
as % on sales	**11.8%**	12.1%	12.6%	12.2%	12.5%
Current EBIT	**226**	215	218	185	176
as % on sales	**8.4%**	8.6%	9.2%	8.3%	8.3%
Operating income (EBIT)	**196**	194	178	175	136
as % on sales	**7.3%**	7.7%	7.5%	7.8%	6.4%
Net profit (group share)	**101**	108	116	91	69
Capital expenditure (incl leasing)	**143**	137	85	80	67
as % of depreciation and amortization	**157%**	156%	106%	94%	76%
as % of current EBITDA	**45.0%**	45.0%	28.4%	29.4%	25.3%
Total equity	**1,439**	1,317	1,378	1,386	1,309
Net financial debt	**626**	374	303	279	275
Return on capital employed	**9.5%**	10.7%	10.4%	10.7%	8.6%
Return on equity (group share)	**7.6%**	8.2%	8.5%	6.8%	5.6%
Number of employees	**16,233**	15,707	14,233	14,558	14,643

(in € per share)	2014	2013	2012	2011	2010
Earnings					
Basic	**1.26**	1.35	1.45	1.04	0.79
Diluted	**1.25**	1.34	1.44	1.04	0.79
Gross dividend	**0.40**	0.36	0.33	0.30	0.27
Net dividend	**0.3000**	0.2700	0.2475	0.2250	0.2025
Payout ratio	**31.9%**	26.7%	22.8%	28.8%	34.2%
Outstanding shares at 31 December (net of treasury shares)	**80,110,497**	80,106,497	80,106,497	87,351,121	87,351,121

The key financial terms are defined in the glossary on page 102.

Annual general meeting of shareholders

Wednesday 27 May 2015

at the group's registered office:
Avenue de Tervueren, 270 - 1150 Brussels - Belgium

Payment of dividend

Wednesday 1 July 2015

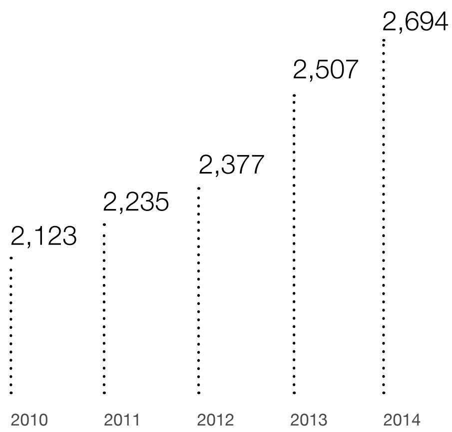
2015 Half Year results - September 2015

Board of directors to approve 2015 Half Year results
Press announcement

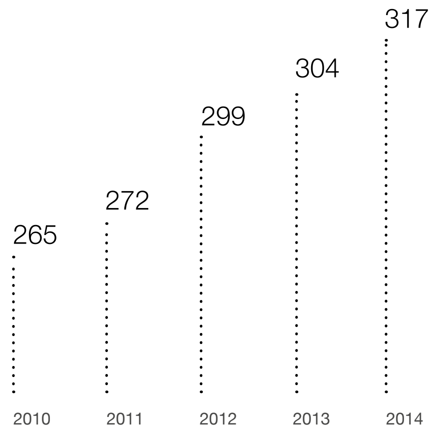
2015 Full Year results - March 2016

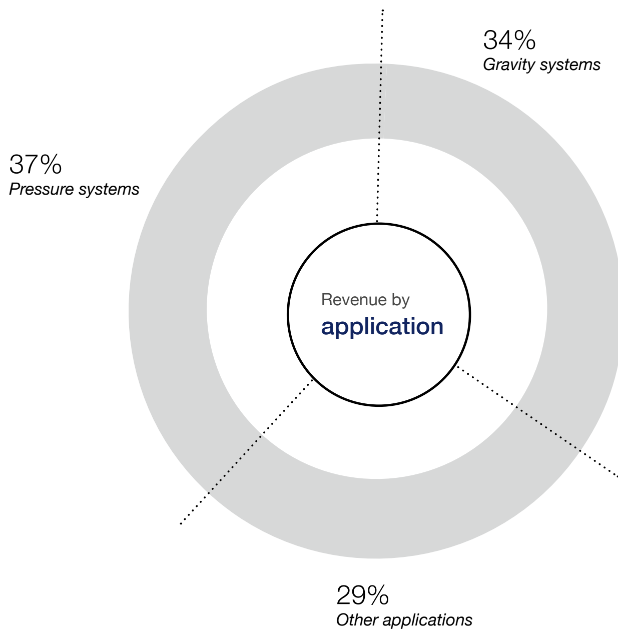
Board of directors to approve 2015 Full Year results
Press announcement

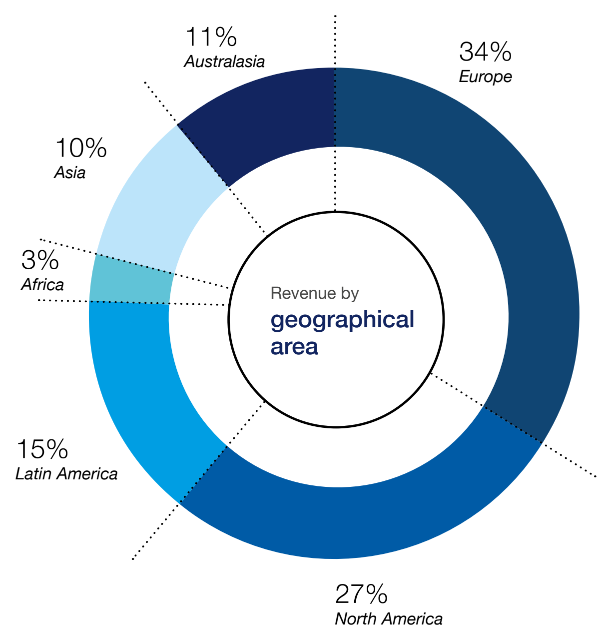
Revenue
(in € million)



Current EBITDA
(in € million)







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Aliaxis at a glance

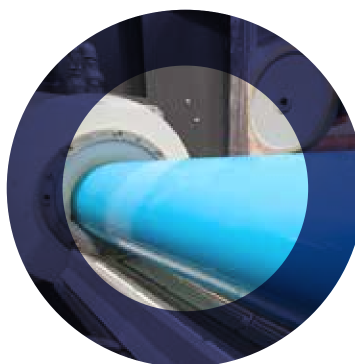
Aliaxis is a global leader in the manufacturing and the distribution of plastic fluid handling systems. The group's wide range of products and solutions find their way to residential and commercial construction as well as industrial and public infrastructure applications.

Aliaxis aims to continuously enhance its product offering in anticipation of the evolving needs of the markets it serves:

Building

Plumbers, contractors and installers rely on the group's brands for sanitary and rainwater products and systems, residential and commercial drainage and other home improvement solutions.

Infrastructure



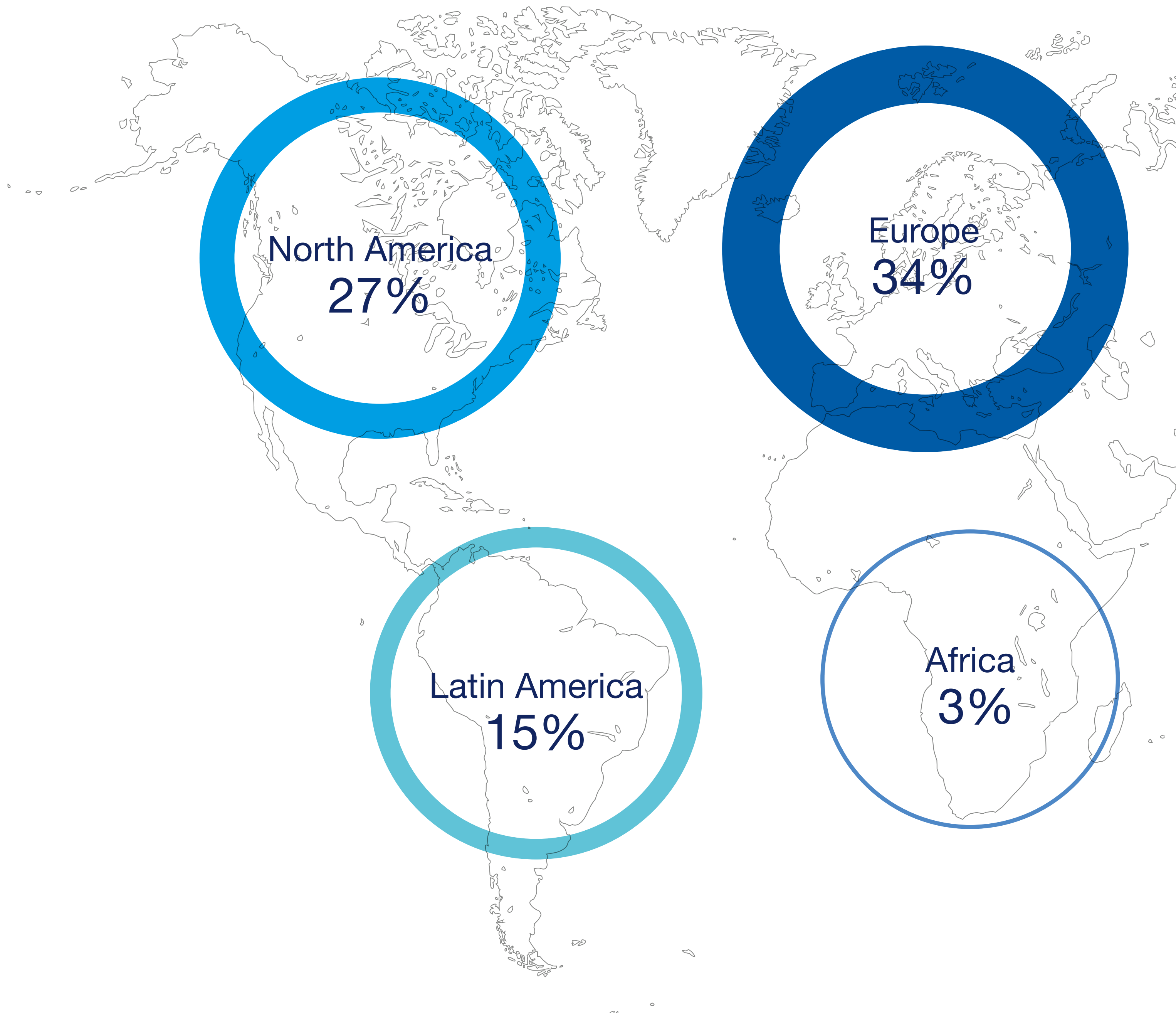
Aliaxis offers households, industries and communities a broad range of solutions for water and gas distribution and for sewage and storm water management.

Industry

A wide variety of industries counts on Aliaxis' industrial piping portfolio tailored to their specific application needs in process fluid handling, compressed air distribution, irrigation, …

Aliaxis around the world

Aliaxis is active in the marketplace, together with its **16,200 employees** around the world through more than **100 manufacturing and commercial companies**, operating in over **40 countries**.



€ 2.7 billion in annual sales*

Asia
10%

Australasia
11%

* Taking into account the Vinidex acquisition on a pro-forma full year basis, annual sales would amount to € 2.9 billion, with:
Europe : 32% - North America : 25% - Latin America : 14% -
Africa : 3% - Asia : 10% - Australasia : 16%

Customers and end-users around the world value Aliaxis’ portfolio of leading brands. Six top brands are supported by a range of strong regional and local brands that are firmly established within the communities of trade professionals they serve.

Message to our shareholders

2014 has again been a good year. Many of the markets in which our customers operate have been challenging. On a global scale, sustained economic recovery remains fairly weak and fragile. Slowdown of growth in some emerging economies is having a global impact, particularly felt in commodity-driven economies like Australia, Canada and some Latin American countries. Our businesses around the globe were also affected by both the various dynamics on raw material markets as well as currency fluctuations. Against this backdrop, Aliaxis delivered a strong revenue growth and a solid business performance. The past year also marks a significant step in the group's global strategic development.

Further strengthening our global diversification

One of the major steps has definitely been the acquisition of Vinidex, a leading manufacturer and distributor of PVC and PE piping systems in Australia generating around AUD 500 million (ca € 340 million) in annual sales. Vinidex, which has built an excellent reputation in terms of product quality, service and innovation, joined our portfolio of leading brands as of 1 August. The group is now a market leader in Australasia, a region that will soon make up one fifth of Aliaxis' global annual sales. In parallel, we are capturing significant growth opportunities through our recently created joint venture with Ashirvad in India.

Over the last decade, the relative contribution of Europe has decreased from 56% to 34%, resulting in a more balanced business portfolio. As our geographic diversification increases, so does the resilience of the group's performance.

Accelerating the transition towards a strong global industrial group

Another key step came at the start of 2014, when we launched the new group organization based on six divisions, supported by six group functions. We are growing into one strong Aliaxis team, joining forces to work smart together across regions and functions, and also stepping up investments in our people.

While we embrace diversity in our markets and businesses, which are essentially local, we are enhancing cross-fertilization across our geographies.

By fully leveraging the group's scale and capabilities, we aim to achieve consistent, best-in-class results and build the foundation for further growth in the coming years.

The Ashirvad story is exemplary of the transition that is seeing Aliaxis evolve into a more coordinated global industrial group, holding leadership positions around the world. In less than eighteen months, Ashirvad successfully managed to tap into the group's broad experience and expertise.

A group-wide cooperation effort, creating synergies in terms of products and technologies, allowed the teams to develop new products and an extended product portfolio tailored to the specific needs of the rapidly growing Indian market.

"We aim to achieve consistent, best-in-class results and build the foundation for further growth in the coming years."

Olivier van der Rest, Chairman (left)
Yves Mertens, CEO (right)

Solid business performance

Despite difficult market conditions in some regions, we have improved our overall results, especially in Europe and Latin America. At the same time, we continued to do well in North America and Australasia and achieved significant growth in Asia.

Aliaxis generated € 2.7 billion in revenue in 2014, an increase of 7.4%. On a like-for-like basis the group increased its annual sales by 4.3%, while changes in our consolidation scope represented a 5.8% growth. This, however, was offset by particularly negative currency effects of -2.6%. On average, most of the currencies in which the group trades, weakened against the euro. The group posted a solid current EBITDA of € 317 million, an increase of 4.3% compared to last year. Although the inclusion of Vinidex into the scope of consolidation boosted the group's total sales for five months, this is dilutive to Aliaxis' net result as Vinidex' net earnings for that period were more than equalized by € 12 million one-off accounting impact and transaction costs.

Even though net financial debt has increased to € 626 million as a consequence of acquisitions and capital expenditures, the group maintains a solid financial structure.

Investments and innovation to support growth

We maintained a high level of capital expenditure with investments amounting to € 143 million, representing 157% of depreciation and amortization. On top of the business-as-usual investments around the world, we put a lot of resources into expanding our manufacturing footprint in India to capture the opportunities of double-digit market growth. The group also reinforced its North American activities. As an example, in western Canada we have invested in a number of innovative solutions to offer our customers in mining and irrigation a range of unique, new products to be launched in 2015.

In our efforts to drive innovation in support of organic growth, various initiatives were developed to better meet our customers' needs. In France, a brand-new R&D centre opened its doors at Nicoll in Cholet, bringing all vital steps in R&D together under one roof. Last June, the Aliaxis board of directors attended the laying of the foundation stone of the new Ashirvad Technology and Experience Centre in Bengaluru (India). In Canada we are investing substantially in the expansion of our R&D capacity and capabilities. Each of these investments will allow us to further increase the percentage of our revenue coming from new and innovative products.

“We have ambitious plans in place to further improve our overall efficiency and enhance our bottom-line performance.”

Seeking operational excellence

We continue to share best practices while adopting a culture of continuous improvement. The aim is to place the customer at the very heart of our business. From a group-wide level all the way down to the shop floor, increased efficiency and optimized processes are producing tangible results.
In 2014, we also achieved a good track record in terms of lost time accidents. We have started benefiting from our increased focus on health and safety, with especially very good statistics being noted in our North American and Australasian divisions.

Building on the learnings from successful pilot projects in Europe, we plan to roll out various initiatives to reduce energy consumption in our other businesses over the next few years. This will result in a better environmental performance while increasing our cost efficiency.

In the course of 2014 we have started the deployment of enhanced demand and inventory management processes to further improve our service level to our customers, while optimizing operational non-cash working capital.

Confidence in the future

Aliaxis will continue to reinforce its global presence and leadership positions in the markets in which it operates. While we do not foresee significant growth on a global scale in 2015, a number of markets, including India and the US, promise to be an exception to this rule. In addition, the group will further leverage any opportunities that may arise for bolt-on acquisitions that would strengthen its sustainable, profitable growth.

Aliaxis plans to accelerate its transition towards a more coordinated global industrial group. We are grateful for the teams’ efforts to further improve our overall efficiency and enhance our bottom-line performance reflected in the ambitious objectives we have set ourselves for 2015. In Australasia, Vinidex will contribute to the group’s result for a full reporting year and strengthen our overall position in the region. In support of the group’s further growth, we expect capital expenditure to remain at a high level in 2015.

Lastly, we would like to take this opportunity to thank everyone who has made the past year another defining one in Aliaxis’ history. From the trust and confidence of our customers, to the hard work put in by our 16,200 employees in the group, to the multitude of fruitful partnerships and collaborations with stakeholders and the communities in which we operate: together they make up a valuable basis for a prosperous future for Aliaxis.

Yves Mertens
CEO

Olivier van der Rest
Chairman

Corporate governance

Composition of the board of directors

Olivier van der Rest
Chairman
Yves Mertens
Chief executive officer

Francis Durman Esquivel (until May 2014)
George Durman Esquivel (as from May 2014)
Bruno Emsens
Andréa Hatschek
Frank H. Lakerveld
Jean-Lucien Lamy
Kieran Murphy
Yves Noiret
Henri Thijssen
Philippe Voortman
Hélène van Zeebroeck

Jean-Louis Piérard
Honorary Chairman

Board of directors and committees of the board

Aliaxis S.A. is a privately held company. Its shares are not listed on any regulated stock market. Nevertheless, the board is fully committed to maintain a high standard of corporate governance.

The board determines the overall strategy of the group, decides on major investments and monitors the activities of the management in implementing the overall group strategy.

The board of directors met six times in 2014.

There are three standing committees. Each of these committees supports the board in specific aspects of its remit.

Strategy committee

The strategy committee is responsible for reviewing the strategic direction of the group and makes recommendations to the board on strategic options.

The committee assembled three times in 2014.
It was composed of Olivier van der Rest (chairman), Jean-Lucien Lamy, Yves Mertens, Kieran Murphy, Yves Noiret, Frank Lakerveld and Henri Thijssen.

Audit committee

The audit committee supports the board in monitoring the accounting and financial reporting of the group. It also focuses on reviewing the scope and results of Aliaxis' external and internal audit procedures.

The committee met four times in 2014. Its members were Kieran Murphy (chairman), Jean-Lucien Lamy, Henri Thijssen and Philippe Voortman.

Appointment and remuneration committee

The appointment and remuneration committee advises the Board on board-level appointments and supports them in reviewing remuneration at executive-committee level.

The committee met three times in 2014 and its members were Hélène van Zeebroeck, Bruno Emsens (chairman), Frank Lakerveld, Yves Noiret and Olivier van der Rest.

Aliaxis executive committee and global leadership team

The board of directors delegates responsibility for the day-to-day management of the group to the chief executive officer, in his capacity as managing director. Since 1 January 2014, the group has been organized around six operational divisions: EMEA, North America, Latin America, Australasia, Asia and Aliaxis Utilities & Industry.

Effective 3 April 2014, the organization of the group's management has been redesigned with, on the one hand, the executive committee (ExCom) and, on the other hand, the global leadership team (GLT). The ExCom is chaired by the chief executive officer and includes the chief operating officer and the functional heads for strategy & innovation, finance, legal, and human resources & communication. The ExCom focuses on group-wide issues and serves as an interface for the board of directors and the various committees of the board.

The GLT, also chaired by the chief executive officer, includes all ExCom members as well as the six divisional CEOs, the chief operational excellence officer and the chief information officer. The GLT assists the CEO in proposing and implementing the overall strategy of the group as decided by the board and in creating synergies between the group's businesses around the globe.

In early 2015, a number of important changes to the group organization have been announced.

On 1 June 2015, CEO Yves Mertens will step down from his current role and take on a senior advisory role to the chairman of the board. Yves Mertens also decided not to seek re-election to the board at the next general meeting of shareholders.

The board would like to take the opportunity to thank Yves Mertens for its outstanding service to the company, first as chief financial officer and subsequently, since May 2009, as chief executive officer. Yves Mertens has successfully led Aliaxis through the global financial and economic crisis and has initiated the reshaping of the group while further strengthening its geographic diversification.

The board of directors appointed Laurent Lenoir as new chief executive officer, effective from 1 June onwards and the board has proposed the general meeting of shareholders on 27 May 2015 to appoint Mr Lenoir as director. The new CEO will pursue Aliaxis' ongoing transformation towards a more integrated, global industrial group. Having built a solid career in the chemical industry, he has the right mix of skills, international experience and industrial expertise as well as a proven ability to grow businesses in complex and challenging market environments.

Furthermore, Aliaxis announced the retirement of its chief operating officer as from the end of March. Colin Leach – previously division director for Africa, Asia and Australasia – took on the role of COO in 2009. The board wishes to thank Colin Leach for his contribution to the group's performance improvements in a challenging environment. Hubert Dubout, general secretary and chief legal and insurance officer, will retire in early autumn 2015. Aliaxis would like to thank Hubert Dubout for his dedication throughout his long career with the group. The role will be taken on by Manuel Monard, a lawyer with a long track record at Aliaxis, currently in charge of mergers and acquisitions in the group's finance department.

Yves Mertens
Chief Executive Officer

Colin Leach
Chief Operating Officer

Joerg Boder
Group Chief Human Resources &
Communications Officer

Lars Boetje
Group Chief Strategy & Innovation Officer

Dirk De Man
Chief Financial Officer

Hubert Dubout
General Secretary
Chief Legal & Insurance Officer

Thierry Leduc
Group Chief Information Officer

Corrado Mazzacano
Divisional CEO
Aliaxis Utilities & Industry

Don Mc Kenzie
Divisional CEO
Australasia

Alex Mestres
Divisional CEO
North America

Frédéric Midy
Divisional CEO
EMEA

Frank Thielen
Group Chief Operational
Excellence Officer,
Divisional CEO Latin America
(ad interim)

Tom Van Gyseghem
Divisional CEO
Asia

Through close collaboration with both the general contractor and the owner, an Akatherm project team successfully designed, produced and installed an Akasison siphonic roof drainage system including 8.5 km of pipe for the 96,000 m² roof of Volkswagen Group's brand-new logistics centre in Volksmarsen (Germany).

DHM Plastics was accredited 'Investors in People' in the UK. This management framework looks to optimize performance by championing best practices in people management.

West of Johannesburg (South Africa), the group supplied 630 mm-diameter high-density PE pipe for the 8 kilometre gas-network expansion of natural gas reticulator Egoli Gas. The pipe, which is buried 1.7 m below the surface of existing roads, will annually deliver 1.5 million gigajoules of natural gas imported from Mozambique, with headroom to increase to up to 2.5 million gigajoules per year.

The new R&D centre at Nicoll in Cholet (France) brings together all vital steps in R&D. Working closely together with the Aliaxis R&D Centre in Vernouillet (France), the facility will play a crucial role in driving innovation to the benefit of the group's customers.

Europe, Middle East and Africa

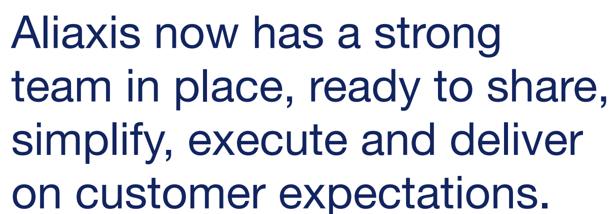
Market conditions in Europe have been challenging throughout 2014. In the Eurozone especially, the economic climate has been unfavourable. In the aftermath of the financial crisis, governments have continued to maintain tight financial policies, so public spending remained at low levels.

High unemployment and debt, combined with low investment and tight credit policies continued to dampen domestic demand throughout Europe. The improving UK economy and its construction industry in particular were the main exceptions to this rule, resulting in a positive group performance in 2014.

A strong first quarter initially spurred hope, as the mild winter saw large construction projects initiated ahead of schedule. This positive trend, however, was largely offset by a slowdown towards the end of the second quarter. Nevertheless, Aliaxis strengthened its position in most of its key market segments.

In the Middle East, business has been extremely challenging, especially given the current political context in some countries. Aliaxis, however, has managed to reinforce its presence in a selection of markets through a focused market approach.

Against a background of a sluggish economy, Aliaxis has been making long-term improvements to its business in South Africa which resulted in an improved performance in the second half of 2014. The group aims to achieve and sustain leadership positions in key market segments in southern Africa.



All teams aligned on the same goal: be the number one supplier of choice

In 2014, Aliaxis' EMEA division once again progressed on its path towards becoming the leading and fastest growing supplier of choice for fluid handling solutions. The group clearly focuses on building and sustaining leadership positions in its core geographies, expanding its position in adjacent markets and capturing the opportunities offered by growth in emerging economies. Key themes like innovation, the environment and route to market are crucial in delivering on customer expectations.

Anticipating end-user needs

In line with continuing commoditisation of markets, Aliaxis witnessed a further concentration of major traders and wholesalers in Europe. To leverage the group's various leadership positions and the potential of some strong brands across the EMEA region, an additional effort is being put in to adjust its commercial approach. Aliaxis aims to provide tailored solutions that anticipate users' needs. The group is therefore rethinking the definition of customers, starting from wholesalers through to decision-makers and end-customers, and is leveraging common interest by forging close partnerships involving all stakeholders.

Sharing best practices across geographies in a targeted approach of end-users, Aliaxis is improving its customer service and enhances loyalty to its strong brands. At the same time, Aliaxis works together with contractors and designers in the specification stage of major development projects.

Last May, a fine example of commercial success in this specification approach came from Akatherm in the Netherlands. German automobile giant Volkswagen AG counted on an Akatherm project team to design, produce and install an Akasison siphonic roof drainage system including 8.5 km of pipe for the 96,000 m^2 roof of its brand-new logistics centre in Volksmarsen (Germany). Right from the initial project phase, the teams worked closely together with both the general contractor and the owner in order to develop a unique solution to suit Volkswagen AG's specific needs.

Other specification examples include Aliaxis' involvement in prestigious projects such as the Juma Al Majid Tower in Dubai (UAE) and the Sofitel Abidjan Hotel Ivoire in Abidjan (Ivory Coast).

Customer-driven R&D and innovation

Parallel to its evolving market approach, Aliaxis continues to invest substantially in R&D and innovation. The new R&D centre at Nicoll in Cholet (France), for instance, brings together all essential steps in present-day R&D: from idea generation to a unique prototyping laboratory, along with adequate tooling development and testing facilities. Collaboration with end-users and a solution-focused take on new product development resulted in several well-received product launches like, for instance, the new Nicoll Turboflow gully launched last June. The team successfully rejuvenated an existing product range of shower gullies, while adding some important additional customer benefits such as an exceptionally high flow rate, hassle-free installation and easy access for maintenance.

Being the easy choice for customers

Following the new organization launched in early 2014, the EMEA team put extensive effort into the alignment on a shared set of goals and values across the entire division. Senior managers from the various EMEA businesses share a common view on the way to engage all employees in this journey, on the way to better relate to customers and on the way to effectively deliver on the target performance.

A strong brand reputation and outstanding service were key elements in winning the contract for the supply of hot & cold water and air-conditioning systems for the luxurious Sofitel Abidjan Hotel Ivoire in Abidjan, Ivory Coast. This project represents an important step forward in the group's efforts to achieve and sustain leadership positions in key market segments in Africa.

Aliaxis is proud to be a part of the prestigious 55-storey Juma Al Majid Tower project in Dubai (UAE) – close to Burj Khalifa, the world's tallest building – supplying high performance sanitary solutions.

In December, Nicoll France received the silver Décibel d'Argent prize from the French Conseil National du Bruit for its commitment to increasing acoustic comfort in residential construction with innovative products like the noise-insulated Chutaphone and Acoustic Chutunic drainage systems.

Towards a reduced carbon footprint

The group continues to uphold its commitment to the environment in which it operates. After evaluating the overall energy savings potential, a series of projects has been defined aimed at reducing CO_2 emissions, limiting water usage and promoting recycling. In close collaboration with certified external parties, audits are currently being performed at the division's main sites. Based on these findings, learnings will be taken and shared with the other businesses in the group and specific action plans are being designed to further reduce its eco-footprint.

Safer, simpler, faster, better and more focused

Multiple initiatives aimed at operational excellence were either initiated or further deployed throughout 2014. The teams made a special effort to align the health and safety management processes across the various EMEA businesses with the aim to be best-in-class in this respect. Several actions also looked to simplify operations through improved process excellence and efficient project management. Other efforts focused on speeding up processes on all levels of the businesses: from bringing new products to market, to responding to customer requests, to reducing lead times, to managing procurement processes and operational non-cash working capital more effectively.
Building on earlier positive experiences with pilot projects in North America and Germany, DHM Plastics in the UK was the next in line in October to adopt a new sales and operational planning tool. This powerful, demand-driven inventory optimization and supply chain planning solution provides the group's businesses with improved daily forecast accuracy, ensuring higher customer service levels while guaranteeing efficient inventory management along the way.
In South Africa, a major restructuring of the business is ongoing. The goal of this process is to make long-term improvements and reposition Aliaxis in the market. The group aims to achieve and sustain leadership positions in key market segments in southern Africa. Recent milestone projects, such as the contract for the supply of 630 mm-diameter, high-density PE pipe for a significant network expansion for natural gas reticulator Egoli Gas, west of Johannesburg, perfectly illustrate this commitment.

With its newest 14” to 18” orientated PVC pipe, the largest diameter ever produced in North America, IPEX has set a new standard for municipal water distribution piping systems.

For the underground piping of its Elm Fork Water Treatment Plant, Dallas Water Utilities relied on the IPEX Guardian™ Vinyl double containment piping system. The wide range of materials, fittings and valve options was a perfect match for the specific needs of the project.

Heavy investment in capacity expansion at the Edmonton production plant in western Canada will continue to drive the IPEX business. This will especially benefit customers in the mining industry and in irrigation applications.

A fine example of customer-driven innovation, the new IPEX Scepter® JBox™ junction boxes were conceived following extensive customer interviews and site visits.

North America

After a weak start to the year following a harsh winter, Canada's economy rebounded to more normal levels of activity in the second half of the year. In the US, the winter deep freeze resulted in an economic decline in the first quarter, but in the subsequent three quarters the economy bounced back. So activity in Canada has been tugged along by firming US demand.

In 2014, economic growth in Canada was modest. The housing market, a crucial economic driver for the group's business, faced downward demand. Government spending on infrastructure-related projects remained subdued as debt reduction continued to be the focus in 2014. Like elsewhere, the Canadian mining industry suffered from exposure to plummeting commodity prices, with significantly decreasing oil prices particularly affecting the commodity-driven economy of western Canada.

In the US, the improvement in job and income growth set the stage for an acceleration in consumer spending, central to the outlook for the housing market. Housing construction remains well below long-run demographic fundamentals. However, credit conditions, while improving, remain tight for homebuyers and, as long as there are impediments to housing demand, the rate at which construction increases will be slower.

While business in the industrial product groups continued to do well, industrial construction showed faint signs of recovery. Despite battling with an aging infrastructure, public spending in the US is slow to materialize. Spending on water supply, sewage treatment and healthcare actually decreased compared to 2013. Against this background, multifamily-home, hotel and commercial construction posted a notable double-digit increase, boosting revenue in electrical products.

As a result of the continued focus on health and safety, 2014 has been a record-setting year with 15 out of the 16 North American manufacturing plants remaining without any lost-time injury.

Extended capacity provides a solid base for a profitable future

The foundation of the group's business strategy in North America continues to be a customer focus approach entailing considerable efforts at getting to know customers in detail, anticipating their needs, delivering above their expectations and providing breakthrough thinking about how to materially improve their business. All players recognize the importance of mutually beneficial partnerships through exceptional service levels and the introduction of innovative products, thus offering a competitive advantage for customers.

Customer-driven innovations

The new IPEX Scepter® JBox™ junction boxes, one of the most important product lines in the value-offering electrical sector, were conceived following extensive customer interviews and site visits.
The research provided input for a truly innovative industrial design.

New, larger sizes as well as hinged enclosures make the IPEX Scepter® JBox™ the most complete line of electrical boxes and enclosures available from any manufacturer. A plethora of additional user-friendly features has generated an enthusiastic response from IPEX' loyal customers.

The new Canplas PROVentilator is another fine example of co-development, featuring exceptional added value and benefits for customers.

Pushing the limits of PVC pipe

In 2014, impressive investments have been made in the extension of production capacity at the Edmonton facility, focusing especially on the development of new products. A massive line is currently being installed for the production of the world's largest PVC pressure pipe. A dedicated team of technical staff is working hard to complete the largest single project ever undertaken by Aliaxis. This will allow the group to keep up with long-term economic growth in western Canada, mainly driven by the mining industry and the rural sector which in its turn drives demand for irrigation products.

Deep dedication to innovation resulted in several remarkable new product launches like the recent game-changing series of electrical junction boxes (see box). Another great example of how the group innovates to the benefit of its customers is the new Canplas PROVentilator introduced in North America this year. This new roof ventilator combines the field-tested benefits of the patented WeatherPRO internal baffle system with multi-stage, high volume, airflow for ideal attic ventilation.

In 2014 another first was achieved with the launch of 14" to 18" orientated PVC pipe – the largest diameter ever produced in North America. When IPEX introduced Bionax® in North America in 2008, this orientated PVC pressure pipe used to deliver drinking water, set a new standard for municipal water distribution piping systems. With the addition of larger-diameter pipe, the group is now very well positioned to gain market share by offering customers an interesting alternative to metal and concrete solutions.

The Mississauga Board of Trade honoured IPEX with the Award of Excellence: ‘Employer of the Year 2014’ for their commitment to the positive environment sought after by today’s workforce in the Mississauga region (Canada).

In 2014, IPEX again contributed to ‘Habitat for Humanity’, donating both products and funds. Partnering up with those who need it most, this humanitarian project aims to support US families that are unable to find a decent, yet affordable place to live.

Sharing best practices across divisions

In line with the group’s focus on operational excellence, the teams in North America keep a strong focus on effective ways of delivering results; dedication to measurement systems; and the relentless pursuit of ways to improve efficiency and enhance service to its customers.

That’s how the group looks to maximize on cross-fertilization and share best practices across divisional boundaries. The implementation of a Manufacturing Execution System (MES) at the IPEX injection moulding plants definitely stands out in this regard. The MES system is mission critical for IPEX operations given the breadth and complexity of its product range and the pressure to manufacture high-quality products quickly and cost-effectively. The initiative is already resulting in savings in conversion cost and a reduction in working capital. Building on the successful implementation in North America, the EMEA and Latin American divisions are currently following suit as they, too, are rolling out the MES across various sites.

Quite similarly, a lot of effort was put into the consolidation of sales and operational planning processes.

The IPEX teams have worked on two different aspects of sales and operations planning, both stemming from the acquisition and implementation of a new forecasting and demand application. This improvement in forecast accuracy has resulted in a comprehensive safety stock reduction, and has contributed to historic highs in service levels.

Investing in people

Underpinning Aliaxis’ drive for innovation and its focus on operational excellence, the group is convinced that human capital remains its single biggest asset. ‘Strategy Through Leadership’ is a new training program that IPEX launched for North American senior managers in 2014 to enhance leadership skills, build bench strength and provide a better understanding of the corporate strategy and future goals. This five-day program was designed to guide leaders in managing the business, encourage change, strengthen the decision-making process and promote innovation. In addition, the program encourages cross-functional exchange and builds internal relationships.

Thanks to a solution-oriented, one-stop shop approach, Aliaxis successfully completed a milestone water treatment project for a new city mall in San Jose (Costa Rica). The project serves as an excellent reference case, showcasing the group's ability to provide a complete solution for the customer.

A demand-driven process, including short interval control procedures is being implemented in Coyol (Costa Rica) and elsewhere throughout the region. It has resulted both in increased efficiency and in higher customer service levels.

Based on the group's expert technical assistance and ability to deliver and support major projects at short notice, Grupo Unidos Por el Canal (GUPC) chose Aliaxis for the supply of solid, corrugated and reinforced pipe for the prestigious expansion of the Panama Canal.

Latin America

The performance of countries across Latin America was variable in 2014, reflecting the diversity of the region's underlying economic dynamics.

Central American markets in general, and that of Costa Rica in particular, remained fundamentally strong, benefitting from a recovery in the US. In Panama, the economy was also supported by the ongoing Panama Canal expansion project.

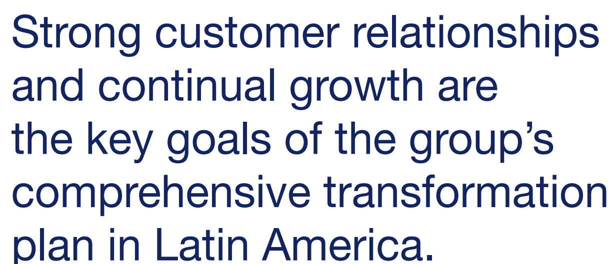
Mexico made some progress in its economic recovery, the construction sector included. However, it is still performing well below the anticipated level.

The Colombian economy performed modestly well in 2014, despite a devaluation of its currency. The group's activities in Peru and Chile were again impacted by a decline in mining activities driven by falling commodity prices.

In sharp contrast to Argentina, the performance of the Uruguayan economy continued on its positive growth momentum.

In order to sustain strong customer relationships and to achieve long-term growth, Aliaxis has been rolling out a comprehensive transformation plan throughout the region. Various initiatives have kicked off aimed at delivering operational excellence and sharing best practices in order to offer value-adding solutions.

Important progress has been made in creating and exploiting synergies and this is resulting in an improved customer focus, increased efficiency and a sharpened focus on value creation. As a consequence, the group significantly improved its trading performance in 2014.



Strong customer relationships and continual growth are the key goals of the group's comprehensive transformation plan in Latin America.

Placing the customers at the very heart of the group's business

On time and in full

In search of a significant differentiator in a highly competitive market, teams throughout the region made material improvements in 2014 in supply chain efficiency and operational excellence. A number of initiatives were implemented to deliver on a defined customer service promise of 'on time and in full' (OTIF).

The improvement in OTIF performance at order level has helped the group retain existing and win new customers through improved customer service. A demand-driven approach, supported by training, measurement and management, has been key in optimizing sales and operational planning processes (S&OP). Improving the accuracy of production forecasts showed a direct correlation with the level of customer service delivered and the working capital required. Customer feedback on these initiatives has been very positive.

Taking the lead in developing operational guidelines

Together with academic staff from Madrid University, Aliaxis has launched a new programme to refresh operators' skill-set on the shop-floor and upskill the newest recruits to industry-leading standards in order to further enhance customer delivery. Serving as a best-in-class standard, this approach will be of benefit to the entire group over time.

Increased confidence in brands, products and services

In early December, Aliaxis opened a new collaborative training facility at its Cundinamarca site, close to Bogota (Colombia). The facility was designed to introduce major new customers to the factory and showcase operations in full flow, thus strengthening confidence in the group's people, products and services. The 'Aula Durman' has already proven successful in translating the group's value proposition and go-to-market strategies to sales and customer service staff.

This training facility is yet another Aliaxis initiative that looks to invest in people to deliver a better, tailor-made service to its customers. In addition, one-stop shop sewage and water system solutions designed by the local engineering team and technical assistance on site represent a unique opportunity to continue to refine market offerings.

In Chile, the group has continued to expand its 'El Especialista' concept – a successful collaboration with a Chilean distributor. In a chain of stores especially designed to create the best sales experience for customers, products can not only be bought but also tested in a simulated customer environment. The approach has had a measurable benefit in accelerating the uptake of new products in an established market. Aliaxis will continue to refine and grow this approach to introduce more new products from elsewhere in the group to gain a greater share of the Chilean market.

2014 was an exceptional year for the group's operations in Panama. Over the past few years, Grupo Unidos Por el Canal (GUPC) has been working on the expansion of the Panama Canal. Expert technical assistance and the ability to deliver and support major projects at short notice were the differentiators for GUPC to choose Aliaxis for the supply of major pipe systems. The group delivered solid, corrugated and reinforced pipe for this prestigious project.

Joining forces to make customer experience a leading differentiator

Throughout the year, Aliaxis launched a number of initiatives aimed at growth and increased efficiency in Latin America. Thanks to the commitment of the teams, and the various change projects that have been launched, the group significantly improved its trading performance in 2014.

The engineering team in the group's plant at Lima (Peru) meets for the daily safety briefing in the tooling room. These briefings at shift handover time have become standard good practice throughout the region.

Just outside Montevideo (Uruguay), the group is preparing to move to a new, larger manufacturing facility.

One-stop shop, solution-based approach

Through intense collaboration between teams in the pursuit of water treatment projects in the region, Aliaxis has achieved several notable successes in Costa Rica. The group's experience with over 300 water treatment projects in the region has resulted in a strong market position. An initial focus on residential, single or multi-housing projects has been expanded to also include larger government projects. Throughout 2014, the group has been awarded contracts for the supply of the complete engineering structure for water treatment solutions, irrigation and geosynthetics in a number of locations including a brand-new city mall in San Jose.

Effective collaboration between promoters, designers and technical installers each time resulted in turnkey solutions. Since water treatment facilities in Costa Rica are governed by strict regulations on maintenance and reporting, Aliaxis' outstanding after-sales services often make the difference.

Investing for future growth

With the introduction of large-diameter RIB LOC pipe, Aliaxis has added an important innovative asset to its Latin American mining industry and infrastructure portfolio. The pipe complies with ISO standards on pipe stiffness and wall thickness, while weighing substantially less than other solutions on the market. The addition enables the group to compete with corrugated PE and spiral technologies. Thanks to continual investment in local production capacity, Aliaxis can build its competitive edge on a widespread geographic diversification. Proximity allows the group to respond quicker to customer needs than any other market player.

In Columbia, PE RIB LOC pipe has already proven its worth in a challenging sewage network installation connecting Villavicencio to a wastewater treatment plant outside the city. In turn, this project has opened up new market opportunities in the region.

In Uruguay, the group has purchased a larger manufacturing facility just outside Montevideo and will transfer from its existing site in early 2015. The new site will increase the group's production capacity and will significantly enhance the group's position on the Uruguayan plastic manufacturing market. A new, 20,000-m^2 plant – with an additional 120,000-m^2 of outside storage capacity – will house all production, logistics and commercial activities, as well as the administrative staff.

Aliaxis is investing in a greenfield plant in Malaysia to meet customers' growing demand for quality products in the Malay peninsula.

Led by the ambition to grow into a national player active across the Indian subcontinent, Ashirvad doubled its production capacity at Jigani (Bengaluru - India) in 2014.

Extensive effort is being put into expanding of the group's product range, both through new product development and by re-engineering solutions from other businesses of the group to meet Indian market needs.

Asia

Through its partnership with Ashirvad, the group is now the supplier of choice for innovative plumbing, sanitary and agriculture solutions across India.

The overall picture of markets in Asia throughout 2014 has been a positive one, with strong market growth in nearly all economies.

Following several years of slower GDP growth in India, that country has now again tied in with more positive economic prospects, especially following the election of Prime Minister Narendra Modi last May. This renewed confidence has spread into the construction business including residential housing. As a result, demand for plastic pipe, particularly in the hot & cold water supply segment, has been growing at a very strong, double-digit rate.

General economic conditions in China became increasingly challenging, with significant repercussions on the building markets in general. Property markets continued to suffer from reduced investment, which is also being felt in the manufacturing industry.

Markets in Southeast Asia have done well in general, but growth has somehow been slowing down. While the economic environment in Malaysia and Singapore has been positive, building markets weakened during the second half of the year, partially due to government measures aimed at slowing down the overheated property markets. Despite this context, the group aims to strengthen its position in the region.

Customers in India welcome the launch of a complete range of solutions for plumbing and drainage. The bulk of the range is produced in India itself, and is complemented with various products from elsewhere in the group.

Successful integration of Ashirvad provides the group with a platform for growth

In the second year of its joint venture with Ashirvad Pipes in India, Asia has been an important growth centre for Aliaxis. A successful partnership has emerged, built on Ashirvad's deep knowledge of the Indian market and its customers' needs, but also benefiting from the technical expertise and extensive product know-how that is present throughout the group. Positive growth perspectives have spurred major investments to expand the group's production capacity. Led by the ambition to strengthen its leadership position as a major national player active across the entire Indian subcontinent, Ashirvad is opening additional distribution centres to increase proximity to its customers. This expansion is supported by an intensified focus on fostering key capabilities in manufacturing and supply chain management, as well as in sales and marketing.

During a visit to Bengaluru (India) in June, the Aliaxis board of directors got to experience the drive and dynamism of the Ashirvad teams at first hand as they witnessed the laying of the foundation stone for the new Ashirvad Technology and Experience Centre. The centre will bring together local R&D capacity, training and showroom facilities. It will offer customers the opportunity to enhance their knowledge of the various innovative solutions Ashirvad has to offer. This, once again, allowed Aliaxis to reiterate its commitment to the Indian market and its willingness to invest in order to capture the opportunities of double-digit market growth.

Tailoring products to meet Indian market needs

Throughout 2014, Ashirvad has been preparing the launch of new, tailored, innovative products for the Indian market. On top of importing some products from the Aliaxis portfolio, Ashirvad has focused on broadening its range of existing solutions to meet current and future requirements of the Indian end-customer. Among other things, the high-quality SWR range has been completed. This range of new products has quickly gained market acceptance as the best answer to specific customer needs in India. By leveraging the group's extensive R&D capabilities, Ashirvad currently has several other high-value solutions in the pipeline.

Collaboration between Ashirvad and other divisions across the group has also led to the launch of several successful products in the market. In their efforts to filter out fats, oil and grease before water is released to municipal sewer systems, hoteliers in India rely on Ashirvad to offer them the best solutions. To meet this demand, grease interceptors developed by Canplas in Canada have recently been launched on the Indian market. The one installed at the Sree Annapoorna Lodging in Coimbatore (India) immediately got rave reviews, attracting the attention of architects and contractors in the region. This brand-new and innovative solution for the Indian market allows over 120,000 litres of water to be recycled or fed back into the water aquifer for reuse instead of being discharged into the sewage system.

Furthermore, Ashirvad has also introduced two acoustic SWR product lines, developed in collaboration with the product development teams in France. In early 2015, a full range of underground drainage pipes and fittings was introduced with the support of REDI (Italy). Cooperation with Aliaxis Latin America has led to the launch of a range of concealed valves in the hot & cold water supply segment. In a similar effort, Ashirvad joined forces with specialists from FIP in Italy to develop a full range of ball and butterfly valves in uPVC as well as cPVC.

Extended manufacturing footprint

To be able to meet growing customer demand, several investments are focusing on extending the group's manufacturing footprint in India. Extension of the Jigani plant in Bengaluru allows Ashirvad to cope with growing volume needs and to prepare for the production of new product ranges. Along the way, productivity improvements have been implemented in all manufacturing processes, thus allowing a leaner production environment. To ensure availability and timely delivery to customers, new warehouses have been opened right across India, further strengthening Ashirvad's supply chain capabilities to serve customers swiftly on a pan-Indian basis.

Preparing for a significant move in Southeast Asia

In Southeast Asia, the group has worked hard to serve customers who seek quality plumbing and infrastructure

Ashirvad is investing in its future growth with a solid plan for the introduction of new products, supported by a set of comprehensive sales and marketing initiatives.

In June, the Aliaxis board of directors attended the laying of the foundation stone of the future Ashirvad Technology and Experience Centre in Bengaluru (India). This embodies Aliaxis' commitment to the Indian market and its willingness to invest in order to capture opportunities offered by double-digit growth.

solutions tailored to the needs of high-end buildings and infrastructure in Malaysia, Singapore and beyond. Aliaxis is therefore relocating its operational platform for growth to a new state-of-the-art production facility, in Batang Kali (Malaysia). After acquiring the necessary land, construction has started in the last quarter of 2014.

Thanks to the involvement of the group's operational excellence team, the Batang Kali factory design will be another fine example of sharing best practices. Once completed, this project will allow Aliaxis to more than double its sales volumes in a market with excellent prospects. At the same time, the group is taking the opportunity to refurbish some of its existing machinery and equipment in Malaysia to ensure greater efficiency going forward.

Focus on people

A number of key initiatives have been taken throughout the Asian division to reinforce Aliaxis' commitment to improve the health and safety of its employees. These initiatives included, amongst other things, the automation of high-risk activities and the introduction of visual management best practices.

To increase proximity to its customers across the entire Indian subcontinent, Ashirvad has redefined its various market segments and reinforced its teams to meet the specific needs of these segments. The company is investing extensively in communication towards present and future end-customers. Targeted marketing initiatives look to raise brand awareness.

In Southeast Asia, Aliaxis is making similar investments in its manufacturing and sales capabilities and in reinforcing teams to meet the challenges at hand.

Reaching out

In everything Aliaxis does, it upholds a profound respect for the environment and the communities in which it operates. Throughout the group's various divisions, this commitment translates into corporate initiatives that look to make a difference where it matters most. Exemplary of this engagement, Ashirvad supported various humanitarian and environmental projects across India in 2014. These included donations to several educational institutions all over India and support for the creation of a skin bank at St John's Medical College and Hospital in Bengaluru.

Overcoming tight timeframes and the use of a specialised PE resin that had to be specifically sourced for the project, Marley supplied PE pipe for the Orewa Gravity Sewer line project in New Zealand in 2014.

By improving the product design of the Vinidex StormPRO corrugated polypropylene pipe and matching fittings, the group now offers a full system solution for drainage applications. The system proved the perfect match for the challenging facelift of the Eagle Farm racetrack surface in Queensland (Australia).

Ten schools and community recreation facilities from across Australia, including the Gigglepots Daycare Centre in Corrigin (Western Australia), have been selected to receive grants for water-related community projects as part of the Philmac Project.

At the 2014 CRM Awards in New Zealand, the Marley & Dux Contact Centre took home no fewer than three awards, including a Gold Supreme award for overall customer service.

Australasia

With Vinidex on board, Aliaxis achieves a leadership position across Australasia, a region that will soon make up one fifth of the group's annual sales.

Australasia can look back on a mixed year in terms of economic conditions. While the New Zealand economy continued to do well despite weakening demand of its main trading partners, Australia experienced a difficult year, with a very different picture across its various markets.

Towards year-end, slower growth in the economies of several of its main trading partners, particularly in China, dampened New Zealand's performance in agriculture and exports. Nevertheless, New Zealand enjoyed steady GDP growth, underpinned by high levels of construction in all sectors. Both the Christchurch earthquake rebuilding activity and the housing shortage in Auckland, fuelled by net migration gains, have played a pivotal part in driving this growth. The same trend was experienced in irrigation, resulting in similar increased activity levels.

Australia continued to experience lower levels of GDP growth. The nature of its two-speed economy, however, resulted in considerable market sector variation. While construction experienced a material pick-up in activity, the engineering and mining construction activities – including coal seam gas – that largely support the resources sector, continued to contract. Municipal infrastructure activity remained weak. Dry conditions were conducive to growth in rural and irrigation markets.

The acquisition of Vinidex as of 1 August was arguably the biggest story for Aliaxis in 2014. The transaction is a great step forward in Aliaxis' strategy to strengthen its global reach and further increase geographic diversification. By joining forces with Australia's leading manufacturer and supplier of thermoplastic pipe and fitting systems, the group has broadened its product offering, grown its business and enhanced its value proposition for its customers.

Through Marley, Dux, Dynex and RX Plastics in New Zealand, and Philmac in Australia, Aliaxis already had a strong foothold in the region. With Vinidex on board, the group has clearly achieved a leadership position throughout Australasia, a region which will soon represent one fifth of Aliaxis' global annual sales.

Adding Vinidex to the group's set of leading global brands

Offering customers a broader product portfolio

Aliaxis will build on Vinidex's excellent reputation in terms of product quality and service to further enhance the group's value proposition to customers. An industry leader in innovative solutions, Vinidex maintains a constant focus on perfecting its portfolio of higher-added value products. In 2014, for instance, these efforts led to product design improvements to the Vinidex StormPRO and SewerPRO corrugated polypropylene pipe systems with diameters up to 900 mm. Both solutions are used extensively in either storm water or sewer applications. By redesigning the range of fabricated fittings required for sewer applications, Vinidex SewerPRO can now be offered as part of a full system solution.

The Vinidex StormPRO already proved its merits in the multimillion-dollar facelift of the Eagle Farm racetrack in Queensland (Australia). The new racing surface uses the latest in drainage technology, which is designed to ensure that racing continues even under extreme weather events. The project also featured Vinidex Draincoil – a new range of flexible, corrugated surface drainage pipe with a diameter of up to 160 mm.

Keeping up with changing customer preferences

In New Zealand, Marley has put significant efforts into rejuvenating its product range. In keeping up with changing customer preferences, it has updated the Marley RP80® 80 mm round downpipe system to create a streamlined, novel and more functional downpipe system. The new system has an easy-care gloss finish, concealed sockets and subtle branding giving the system a modern aesthetic appeal. In addition, innovative new fittings provide added functionality for the installer. Innovations like this once again place Marley at the forefront of the New Zealand spouting and downpipe market with clearly differentiated product features and benefits attractive to both the end-user and the installer.

Further raising the bar in operational excellence

Through Vinidex, Aliaxis can tap into a broad range of best practices that will further raise operational excellence throughout the group. A fine example of this expertise is the Vinidex approach to efficient freight services. For the introduction of the concept of set day deliveries, Vinidex collaborated closely with its customers in search for a perfect balance between customer expectations and optimal use of resources. As a result, customers now benefit from a more orderly product flow, while Vinidex, for its part, achieved higher levels of truck utilization and, subsequently, a smaller carbon footprint.

Vinidex has developed excellent health and safety practices and outcomes. 2014 was again without a single lost-time-injury across its nine manufacturing plants. Another example of the way continuous improvement takes shape, Vinidex recently introduced strict management routines in its distribution centres to further enhance the safety of both pedestrians and forklift truck drivers operating in critical areas.

A first in its kind in New Zealand, Marley introduced technology that allows saving 40% of the energy used by its large injection moulding machines.

Industry-wide recognition

Continual investment in the skills of its people has earned Aliaxis various awards and recognitions over the past year. From outstanding customer service to excellent product innovation: both individual and team awards underpinned the group's industry-leading role. Kym Cook, Customer Service Team Leader at Philmac, for instance, completed an impressive three-peat by winning top honour for 'Team Leader of the Year – South Australia' at the AusContact Association Awards for the third year running.

A similar honour fell to the Marley & Dux Contact Centre, as they took home no fewer than three awards, including a Gold Supreme award for overall customer service, at the 2014 CRM Awards in New Zealand. Irrigear, Australia's largest chain of irrigation stores, crowned Philmac as its Supplier of the Year for 2013/2014, an award regarded as one of the highest accolades in the irrigation industry.

Closely collaborating with one of its long-standing customers, a team at RX Plastics developed G-Set, an irrigation solution that allows landowners to convert lower cost land into high-value dairy pastureland.

Through close collaboration with engineers, designers and plumbing contractors, Philmac successfully delivered 1,000 Akavents from Akatherm for a new twin tower apartment complex in Sydney (Australia). The ease of installation and reduction in pipework resulted in considerable savings for project developer Meriton.

Kym Cook, Customer Service Team Leader at Philmac, completed an impressive three-peat by winning top honour for 'Team Leader of the Year – South Australia' at the AusContact Association Awards for the third year running.

Building projects in the spots

With various landmark projects completed across Australasia in 2014, the group's work once again proved to be its best advertisement. In Sydney (Australia), close collaboration with project engineers, designers and plumbing contractors resulted in Philmac's successful delivery of over 1,000 Akavents from Akatherm for a new twin tower apartment complex by project developer Meriton.

Philmac also achieved a significant milestone with the realisation of a project at the York Wastewater Treatment Plant. There, the K-Line Pod irrigation system from RX Plastics provided the means to distribute treated water and to irrigate a large tree lot in Western Australia. The solution offered is both easy to install and repair and also low-maintenance, at relatively low cost. Together with excellent advice and on-site assistance, this resulted in another satisfied customer.

In Christchurch (New Zealand), Marley played a key role in the development of the new Justice Precinct. Bringing together all justice and emergency services for the city in one, purpose-built precinct, the project was founded on a long-standing relationship with a local plumbing contractor. To date, Marley has delivered PE and PVC storm water and sewer systems along with its electrical ducting systems. This high-visibility project has in turn led to further opportunities for Marley and Aliaxis systems and solutions within the Precinct and other major vertical builds in Christchurch.

Another highlight for Marley was its involvement in a solar energy project in Samoa, supplying solar conduit to a local project partner. The Apia sports complex project is a part of several major solar energy developments underway in the Pacific. These solar installations are part of a larger effort to reduce Samoa's dependence on expensive imported fuel and to create clean, efficient and more affordable energy. Electricity from this site will be distributed to the main islands of Upolo and Manono where more than 70% of the Samoan population lives. Along with two other projects, it is expected to meet 4.5% of the total energy demand in Samoa, and supply approximately 4,400 households.

Despite a challenging environment in Russia, Aliaxis completed several major projects including the supply of a safe, efficient and user-friendly pipe system for the water supply of a prestigious apartment complex in the Seven Winds district in Volgograd.

Building on a fruitful partnership that started in 2008, the Ma'aden Saudi Mining Company again turned to Aliaxis in 2014 for the supply of a significant number of complete pump units for a new fertilizer production plant at the Waad Al-Sharmal complex in Saudi Arabia.

In support of its long-term growth strategy for the electrofusion business, Aliaxis is investing in its logistic capabilities in Mannheim (Germany) with a new, high-bay warehouse, which will allow the group to better serve its customers.

Utilities & Industry

Despite a strong start, thanks to a mild winter in Europe, utility and industry markets continued to show little or no growth in 2014.

The euro was strong compared to other currencies in the first half of the year, but it gradually weakened later on in the year, particularly in relation to the US dollar. While domestic demand in Europe remained flat, these currency movements generally had a positive influence on the group's export activities outside the euro area.

In contrast US markets were very lively, especially the industrial market, which benefited extensively from lower energy prices and an increase in consumer spending.

Markets in Russia and the CIS countries were severely hit by a challenging geo-political context. Falling global oil prices and trade restrictions in reaction to the Ukrainian crisis were felt throughout the region.
The Russian rouble plummeted, with severe consequences for imports into the country.

In 2014, Aliaxis Utilities & Industry continued to pursue leadership positions in a range of well-defined, application-driven market segments. A combination of investment in organic growth and in targeted acquisitions is proving to be key in seizing growth opportunities for the group's activities.

At the same time, Aliaxis is looking to reinforce its leading positions in engineered products (i.e. pumps and ceramics) and expand its reach into new geographies and market segments. To support these objectives, the group has sharpened its focus on innovation in order to achieve a faster time to market for new products.

Aliaxis continues to pursue leadership positions in a range of well-defined, application-driven market segments.

Future growth underpinned by sizable investments in its key capabilities

Long-term growth in electrofusion

While defending its leading position in core western European markets, Aliaxis is targeting a number of other key growth markets. Over the past year, the brand portfolio has been streamlined and detailed go-to-market plans are being developed. As an integral part of the realignment of its manufacturing footprint, Aliaxis is making an important investment in the expansion of its logistical capacity in Mannheim (Germany).

The Russian market, traditionally an important one for the electrofusion business, went through difficult times in 2014. The group has countered these challenging conditions by further enhancing its product offering. Despite a challenging environment, this strategy has resulted in several high-visibility projects.

In Nice (France), Aliaxis played a key role in the rehabilitation of the main square in the city centre. One of the key factors in winning this contract was the group's ability to offer an end-to-end solution. Close collaboration with architects and contractors resulted in the supply of system components sourced from three different companies in the group, including high-pressure polyethylene pipe, electrofusion safety fittings and butterfly valves.

Industrial piping systems that make a difference

The group's industrial piping activities got a boost from the introduction of several new products tailored to the needs of end-customers. A new addition to the VK DualBlock family of plastic valves at FIP attracted widespread market attention. The two-way ball valve design with a unique, patented ball profile offers customers important benefits over standard, two-way ball valves, especially its linear characteristic curve and low flow rate regulation.

Also at FIP, the brand new FLS range of flow and analytical monitors and transmitters raised the industry bar in monitoring applications with an innovative, user-friendly interface. Blending market feedback, in-house experience and pioneering thinking into one solution, the measuring system boasts an inventive approach to technical support.

In Germany, SED Flow Control continued on its track of fine-tuning its product offering to the evolving needs of professional end-users. These efforts have resulted in new generations of several of its product ranges including the manually operated 905 diaphragm valve, a new range of multiport valves and sixteen additional stainless steel valve bodies.

Investing to the benefit of customers

Aliaxis' pump business continued on its growth trajectory, despite a fall in demand in some market segments, like the steel pickling industry. Multiple investments were made to boost efficiency and place the group at the vanguard of innovation. At the Rennerod facility in Germany, a new, large hydraulic press for the production of complex pump components in different plastic materials – a milestone in manufacturing technology – was commissioned. Increased capacity and reduced throughput times are already leading to a higher level of flexibility and improved delivery times to customers.

Also in Germany, in Wiesbaden, the construction of a new pump test rig for large vertical pumps was completed. Together with a newly built customer competence centre for pre-delivery product inspections, this investment further positions the group as a leading partner for the chemical industry. By remodelling the entire plant layout in Wiesbaden and introducing a new Advanced Planning System, the group now finds itself in a better position to serve its markets.

One of the main highlights in the pumps business came from an impressive project in the Kingdom of Saudi Arabia. In need of a significant number of complete pump units for a new fertilizer production plant at the Waad Al-Sharmal complex, the Ma'aden Saudi Mining Company relied on its positive past experiences with Aliaxis. The exceptional corrosion resistance of

A new test rig for large size vertical pumps in Wiesbaden (Germany) further positions the group as a leading partner of choice for key players, in particular in the solar and chemical industries.

Aliaxis' wide product diversification allowed it to offer the municipality of Nice (France) an end-to-end electrofusion-based solution for a 3,000 m^2 water mirror, part of a major rehabilitation of the city main square.
(Picture courtesy of Hervé Fabre Photographie)

the group's heavy-duty horizontal and vertical pumps proved to be a key differentiator in winning this major contract.

Extended high-purity offering

The US distribution business benefitted from very strong growth on the back of renewed manufacturing investments across the country. With the acquisition of E&S Technologies, Aliaxis significantly expanded its product portfolio for customers in search of high-purity and corrosive solutions. E&S Technologies has been fully integrated into Harrington Pure and its knowledgeable staff brings important additional skills to Aliaxis' offering of specialist know-how and capabilities.

Along with the opening of a new Harrington Plastics branch in Hartford (Connecticut) early 2015, the acquisition of E&S Technologies further extended the group's reach into eastern and north-eastern US. This gives Aliaxis a broader platform in order to capitalize on recent investments, like the launch of new production lines for high-purity applications at Harrington Pure.

Ceramics at the heart of eco-innovation

Over the past few years, Aliaxis has made comprehensive investments to introduce new and sophisticated technologies in its production process. This has enabled the manufacture of unique components for the machine building industry based on a perfect bonding of ceramics and metal.

Aliaxis made excellent progress in the supply of ceramic components for fuel cell applications. This technology offers an alternative, clean energy source solely based on hydrogen and oxygen. The rapidly growing fuel cell market boasts huge potential to reduce global CO_2 emissions. Aliaxis' commitment has resulted in a global leadership position in the supply of ceramic parts used in industrial fuel cell applications.

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Directors' report

Trading overview

Aliaxis posted a strong revenue growth and a solid business performance in 2014.

Many of the markets in which the group's customers operate have been challenging. Sustained global economic recovery remains fragile. Slowdown of growth in some emerging economies had a global impact, particularly felt in commodity-driven economies. The group's trading performance was affected by the various dynamics on raw material markets as well as by currency movements. On average, most of the currencies in which the group trades, weakened against the euro in 2014. Nevertheless, the rapid drop of the euro towards the end of 2014 had a reverse effect on the balance sheet.

The upward trend experienced in the beginning of 2014 in Europe, mainly driven by the mild winter, was largely offset by a slowdown towards the middle of the year. Overall, Aliaxis faced difficult market conditions and flat domestic demand in most countries, with the improving UK economy as the main, positive exception. As an integral part of the realignment of its manufacturing footprint in electrofusion, the group is investing in its logistical capabilities in Mannheim (Germany) with a new, high-bay warehouse.

After a weak start to the year following a harsh winter, Aliaxis managed to catch up sales in North America. Generally speaking, conditions were much more positive in the US than in Canada. While the group's performance was very good, it was down compared to the peak seen in previous periods.

Heavy investments in capacity expansion at the group's production plant in Edmonton (western Canada), continued in 2014, enabling the group to extend its product range with the launch of new solutions tailored to the needs of an evolving market.

The industrial distribution business in the US benefitted from a very strong growth on the back of renewed manufacturing investments across the country. With the acquisition of E&S Technologies, the group expanded its high-purity product portfolio. In early 2015, Harrington Plastics added to this momentum by opening a new branch in Hartford (Connecticut).

In South Africa a major restructuring program is ongoing with the goal to make long-term improvements and reposition Aliaxis as a leader in key market segments in southern Africa.

Central American markets in general, and those of Panama and Costa Rica in particular, remained strong. Further South, Peruvian, Chilean and Argentinean markets went through a difficult year, in sharp contrast to markets in Uruguay, which continued on a positive growth momentum. Amidst these mixed country performances across Latin America, Aliaxis launched a number of initiatives aimed at both growth and efficiency. As a consequence, the group significantly improved its performance throughout the region in 2014.

Aliaxis posted a solid performance in Asia, boosted by strong growth in India. In the second year of the group's joint venture with Ashirvad Pipes Pvt. Ltd., production capacity has been significantly increased and the group's product offering for the Indian market was expanded considerably. The introduction of numerous new products is being supported by extensive investments in marketing campaigns and in the group's sales capabilities throughout the Indian subcontinent.

Australasia again performed well. While the New Zealand economy continued to do well, Australia experienced a more difficult year, with a very different picture across its various markets. On 1 August, Aliaxis completed the acquisition of Vinidex, Australia's leading manufacturer and supplier of thermoplastic pipe and fitting systems. This transaction marks an important milestone in the group's global development and geographic diversification. Australasia will soon account for one fifth of the group's global annual revenue.

Cash flow generated by the operating activities has been invested in the acquisition of businesses (€ 240 million, excluding acquired debt) and in capital expenditure (€ 143 million, representing 157% of depreciation and amortization). While the net financial debt increased to € 626 million, the group maintains a solid financial structure.

Financial review

Changes in the scope of consolidation

As of 1 August 2014, the accounts of Vinidex Pty Ltd were fully integrated in the consolidated financial statements of the group. Due to transaction costs, acquisition accounting entries and incremental debt, the impact of Vinidex on the net earnings was dilutive.

As of 1 January 2014, the accounts of Nicoll Vostok (Russia), AUI Kft (Hungary) and Marley Pipes Systems Namibia have been fully integrated, whereas they were still treated as non-consolidated subsidiaries in 2013.

In order to reflect the performance of the remaining unconsolidated subsidiaries in the income statement, as from 2014, the group has incorporated, as financial result, the gross difference between the closing equity on 31 December 2014 and the value of the financial investment. These transactions are described in more detail in note 6 (Acquisitions and disposals of subsidiaries and non-controlling interests) to the consolidated financial statements.

Statement of comprehensive income

Revenue from sales in 2014 was up 7.4%, amounting to a total of € 2,694 million (2013: € 2,507 million). Excluding the effects of currency exchange rates, sales growth totalled 10.1%, of which 4.3% from organic growth, and 5.8% driven by changes in the scope of consolidation. The impact of currency movements, however, was -2.6%, due to the weakening of the major trading currencies against the euro, principally the US dollar (9%), the Canadian dollar (4%) and the pound sterling (3%).

The gross profit was € 688 million (2013: € 671 million), representing 25.5% (2013: 26.7%) on sales. Commercial, administrative and other charges amounted to € 493 million (2013: € 477 million), or 18.3% (2013: 19.0%) on sales. The drop in gross profit and fixed cost margins is largely due to the inclusion of Vinidex, which operates at lower gross profit and fixed cost margins than company averages.

Operating income for the year was € 196 million (2013: € 194 million), representing 7.3% (2013: 7.7%) on sales, after charging € 30.2 million of non-recurring items mainly related to a number of industrial reorganization projects in Europe, Africa and Latin America. Just as in the previous year, in 2014 no goodwill impairment was recorded. The overall increase in operating income was 0.9%. At constant exchange rates, and excluding the impact of changes in scope of consolidation, this increase was 5.9%. Changes in the scope of consolidation accounted for a decrease of -2.0% and exchange rate movements had a negative impact of -3.0%. EBITDA reached € 288 million (2013: € 284 million), representing 10.7% (2013: 11.3%) on total sales.

Finance income and expenses mainly consisted of net interest expenses of € 22 million (2013: € 20 million). An analysis of finance income and expense is given in notes 10 (Finance income) and 11 (Finance expenses) to the consolidated financial statements.

The group operates a policy of managing its interest rate exposure by hedging part of its debt throughout the year using fixed interest rate swaps. The proportion of the debt covered by such instruments reduces in line with the debt maturity dates. The balance of the group's debt remained at variable interest rates. The management of interest rate exposure is explained in notes 5 (Financial risk management) and 26 (Financial instruments) to the consolidated financial statements.

Income taxes, consisting of current and deferred taxes, amounted to € 60 million (2013: € 51 million), representing an effective income tax rate of 36.9% (2013: 31.4%). The substantial effective income tax rate in 2014 is largely due to taxes on distributed and undistributed earnings and current year losses for which no deferred tax asset is recognized. The reconciliation of the aggregated weighted nominal tax rate (27.5%) with the effective tax rate is set out in note 12 (Income taxes) to the consolidated financial statements.

The group's share of the profit for 2014 was € 101 million (2013: € 108 million). The group's earnings per share in 2014 were € 1.26 (2013: € 1.35), a decrease of 7%.

Other comprehensive income increased by € 243 million from € -190 million in 2013 to € 52 million in 2014. The equity movement is explained below.

Statement of financial position

Intangible assets, consisting of goodwill and other intangible assets, amounted to € 887 million at 31 December 2014 (2013: € 738 million). Most of the increase is attributable to the change in consolidation scope of € 119 million, mainly related to the acquisition of Vinidex Pty Ltd and the currency translation impact of € 34 million. This increase is partially offset by the annual amortization of intangible assets of € 11 million. Further details on movements in intangi-

ble assets are set out in note 13 (Intangible assets) to the consolidated financial statements.

Property, plant and equipment amounted to € 835 million at 31 December 2014, compared to € 675 million at the end of the previous year. The main part of the net increase of € 160 million was attributable to the changes in scope of € 100 million, mainly related to the acquisition of Vinidex Pty Ltd. Other changes are a consequence of new capital expenditures of € 136 million and the positive impact of currency exchange movements of € 19 million less the depreciation charge of € 81 million and the elimination of assets sold and retired of € 6 million.

Non-cash working capital amounted to € 522 million at 31 December 2014 (31 December 2013: € 444 million), an increase of € 78 million (18%), also primarily attributable to the changes in scope. As at 31 December 2014, working capital on sales was 19.4% (2013: 17.7%), which represents the lowest point in the annual cycle, reflecting the seasonal nature of the group's activities. The increase in % on sales is primarily driven by the impact of exchange rates and the fact that Vinidex Pty Ltd sales are only included for five months. On a like-for-like basis, non-cash working capital decreased by -0.3% on sales compared to 2013.

The equity attributable to equity owners of the company increased from € 1,265 million in 2013 to € 1,381 million in 2014, mainly as a result of the net profit of the reporting period (€ 101 million) and the positive impact of exchange rate movements (€ 60 million), less the negative impact of the net dividends paid (€ 29 million), of the put option (€ 4 million) and of IAS19 re-measurement (€ 6 million).
Non-controlling interests at 31 December 2014 amounted to € 58 million (2013: € 52 million). This increase is mainly due to the result of the net profit for the reporting period (€ 2 million), the positive impact of exchange rate movements (€ 6 million) and the negative impact of the net dividends paid (€ 1 million).
Deferred tax liabilities amounted to € 94 million at 31 December 2014 (2013: € 77 million). Deferred tax assets were € 24 million (2013: € 22 million). Further details on movements in deferred taxes are set out in note 23 (Deferred tax assets and liabilities) to the consolidated financial statements.

Net financial debt

(in € million)	31 Dec 2014	31 Dec 2013
Non-current borrowings	**608**	313
Current borrowings	**104**	126
Cash and cash equivalents	**(110)**	(75)
Bank overdrafts	**24**	10
Total	**626**	374

Net financial debt at 31 December 2014 increased by € 252 million. The major cash flows during the year arose from cash generated by the group's operations (€ 273 million), less capital expenditures made during the year (€ 142 million – excluding leasing), the full acquisition of Vinidex Pty Ltd (€ 229 million), tax payments (€ 57 million), net dividends paid (€ 30 million), and net interest payments made during the year (€ 22 million).
The return on capital employed in 2014 was 9.5% (2013: 10.7%). This drop is primarily driven by the fact that all capital employed by Vinidex Pty Ltd is included, against only five months of results.
The group's share of return on equity was 7.6% (2013: 8.2%).

Human resources

In order to accelerate the deployment of the group's strategic vision of sustainable, profitable growth, since 1 January 2014, the group has been organized around six operational divisions: EMEA, North America, Latin America, Australasia, Asia and Aliaxis Utilities & Industry.

Effective 3 April 2014, the organization of the group's management has been redesigned with, on the one hand, the executive committee (ExCom) and, on the other hand, the global leadership team (GLT). The ExCom is chaired by the CEO and includes the chief operating officer and the functional heads for strategy and innovation, finance, legal, and human resources & communication. The GLT, also chaired by the CEO, includes all ExCom members as well as the six divisional CEOs, the chief operational excellence officer and the chief information officer.

In support of these organizational changes, Aliaxis has made substantial investments in its people throughout all divisions. Various initiatives focused on sharpening key skills, from shop floor trainings to global talent development programs for key managers. As a result, the group's leadership has been reinforced while sales capabilities have been upgraded, particularly in India and Latin America, to meet the needs of new and expanding markets.

By sharing best practices across divisional boundaries, operational processes are continuously being optimized. Operator-driven improvements such as the initiative set up by the group's Latin American business in collaboration with the academics at Madrid University, have resulted in valuable tools that can be used in other divisions as well. But also on a safety level, experiences from the group's top-performers are being implemented elsewhere to foster safe operations on the factory floor.

On a global scale, Aliaxis puts major effort in ensuring it has the right people, with the right skills in the right places. In 2014 the group employed 16,233 people in total, compared to 15,707 in the previous year. The group's businesses in Europe remain its biggest employers with 37% of all staff. Latin America comes second on this list with 24%, followed by North America with 15%. Aliaxis' Asian businesses account for 11% of its staff, while – with Vinidex on board – Australasian businesses now employ 8%. Africa completes this list, employing 5% of Aliaxis' total staff.

Research and development

With innovation being a key strategic pillar towards sustainable, profitable growth, Aliaxis is committed to innovation across the group. In 2014, this commitment resulted in € 22.7 million of investments in research and development.

Major projects like the expansion of the group's R&D capacity in Canada, a new R&D centre established in Cholet (France) and the Ashirvad Technology & Experience Centre in India allowed the group to maintain a tight focus on product innovation. Drawing on the expertise within the group and making the most of opportunities offered by cross-fertilization, Aliaxis launched a wide range of new products tailored to the needs of its end-customers.

In spring, over fifty key innovators from around the group gathered for the Aliaxis Innovation Days. In the presence of CEO Yves Mertens, they exchanged best practices and reviewed in-depth the most recent customer-driven innovations. This annually recurring event illustrates how the group continuously improves its products and services by building on the strengths of its various businesses across the globe.

In March 2014, the leadership announced the introduction of the Aliaxis Innovation Awards. In the months that followed, more than fifty products and processes from all around the group were nominated for this prestigious prize, underpinning the fact that innovation is high on the agenda at all of Aliaxis' businesses. The first winners of the Aliaxis Innovation Awards were announced during the 2015 Aliaxis Innovation Days, which took place in Mannheim (Germany) in March 2015.

Environment

Throughout 2014, Aliaxis continued to keep a close watch on its eco-footprint. On the one hand, the group has played an active role in collaborating with external partners, sharing its knowhow to the benefit of community initiatives. On the other hand, Aliaxis maintained its focus on reducing the environmental impact of its own products and processes, targeting water usage, recycling, waste reduction and CO_2 emissions in particular.

The preservation of natural resources is a top priority for Aliaxis. In all production processes, the group aims to make efficient use of the available water. All manufacturing units are dedicated to this ambition and have set up key initiatives aimed at reducing their water consumption. Extensive recycling, selective waste sorting, the use of quality methodologies and agreements with innovative waste collecting and recycling companies are continuously helping to reduce the group's waste to landfill.

Aliaxis has collaborated with certified partners to audit the energy saving potential of several of its main production sites. Learnings taken from these exercises are being shared across divisions.
Another fine example of how the group can play an active role in reducing global CO_2 emissions can be found in fuel cell technology. The rapidly growing fuel cell market boasts huge ecologic potential, as it looks to capitalize on a clean energy source, solely based on hydrogen and oxygen. Aliaxis' commitment to this green technology has resulted in a global leadership position in the supply of ceramic parts used in industrial fuel cell applications.

Risks and uncertainties

The risk profile of the companies within the Aliaxis Group is similar to that of other manufacturing and distribution companies operating in an international environment, and includes economic and sector risks as well as credit, liquidity and market risks arising from exposure to currencies, interest rates and commodity prices. The group is also exposed to more specific risks of, for example, public, product and employer's liability, property damage and business interruption and the risks from administrative, fiscal and legal proceedings.

Developments in respect of administrative, fiscal, and legal proceedings are described as appropriate in notes 24 (Provisions) and 29 (Contingencies) to the consolidated financial statements.
The group has adopted a range of internal policies and procedures to identify reduce and manage these risks

either at individual company level or, where appropriate, at group level.

The group's approach to the management of credit, liquidity and market risks (including commodity, interest rate and currency) is set out in note 5 (Financial risk management) to the consolidated financial statements.

Use of derivative financial instruments

Risks relating to creditworthiness, interest rate and exchange rate movements, commodity prices and liquidity arise in the group's normal course of business. However, the most significant financial exposures for the group relate to the fluctuation of interest rates on the group's financial debt, and to fluctuations in currency exchange rates.

The group's approach to the management of these risks is described in note 26 (Financial instruments) to the consolidated financial statements.

Subsequent events

No subsequent events have occurred that warrants a modification of the value of the assets and liabilities or any additional disclosure.

Outlook for 2015

Considering how current volatile oil prices are impacting raw material prices, consumer discretionary income and in some cases government revenues and expenditures, Aliaxis anticipates fluctuations in customer demand in 2015. Continuing movements in currency are also likely to have an ongoing influence on the group's results.

Nevertheless, in 2015, Aliaxis foresees similar growth perspectives as in the previous year. Emerging markets will definitely outperform more mature markets, with the exception of the US which is in recovery mode. In Australasia, Vinidex will contribute to the group's result for a full reporting year and strengthen Aliaxis' overall position in the region.

On top of these perspectives, Aliaxis expects a positive impact from group initiatives on its trading performance. Major investments through capital expenditure, targeted acquisitions and a focus on R&D and innovation will continue to support the group's sustainable, profitable growth.

Dividend

The board of directors has proposed that the general meeting of shareholders on 27 May 2015 approves the distribution of a gross dividend of € 0.40 per share. This dividend will, upon approval by the general meeting, become payable as of 1 July 2015.

Statutory appointments

The mandates of Messrs Yves Mertens, Henri Thijssen and Philippe Voortman as director will expire at the next general meeting of shareholders. They will not be seeking re-election. The board of directors wishes to sincerely thank them for their valuable contribution to the group during their many years of service. The mandate of KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises will also expire at the next general meeting of shareholders on 27 May 2015.

At this general meeting of shareholders, the board of directors will propose the election of the directors who are candidates for re-election, the election of new directors and the reappointment of KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, for a term of office of three years.

More details can be found on page 101 (Non-consolidated accounts - profit distribution - statutory appointments) of this annual report.

Brussels, 25 March 2015
The board of directors

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Consolidated statement of profit or loss and other comprehensive income

Consolidated statement of profit or loss

For the year ended 31 December (in € thousand)	Notes	2014	2013
Revenue		2,693,638	2,507,394
Cost of sales		(2,005,411)	(1,836,226)
Gross profit		688,228	671,168
Commercial expenses		(240,494)	(236,710)
Administrative expenses		(184,184)	(173,919)
R&D expenses		(22,665)	(23,359)
Other operating income / (expenses)	7	(15,151)	(21,838)
Profit from operations before non-recurring items		225,734	215,343
Non-recurring items	8	(30,174)	(21,450)
Operating income		195,560	193,893
Finance income	10	6,789	8,447
Finance expenses	11	(40,590)	(38,709)
Profit before income taxes		161,759	163,630
Income tax expense	12	(59,618)	(51,445)
Profit for the period		102,142	112,186
of which attributable to Group equity holders		*100,588*	*108,275*
of which attributable to non-controlling interests		*1,554*	*3,910*
Earnings per share (in €):			
Basic earnings per share	20	1.26	1.35
Diluted earnings per share	20	1.25	1.34

Consolidated statement of other comprehensive income

For the year ended 31 December (in € thousand)	2014	2013
Profit for the period recognized in the income statement	102,142	112,186
Items that will never be reclassified to profit and loss:		
Change in fair value of put option with non-controlling interests	(3,601)	(105,959)
Remeasurement IAS 19 (net of taxes)	(6,242)	18,726
Items that are or may be reclassified to profit and loss:		
Foreign currency translation differences for foreign operations	66,082	(101,351)
Net profit/(loss) on hedge of net investment in foreign operations	(4,264)	975
Effective portion of changes in fair value of cash flow hedges	11,381	(6,709)
Net change in fair value of cash flow hedges transferred to profit or loss	(11,078)	4,055
Other comprehensive income for the period, net of income tax	52,278	(190,262)
Total comprehensive income for the period	154,419	(78,077)
of which attributable to Group equity holders	*146,998*	*(74,138)*
of which attributable to non-controlling interests	*7,422*	*(3,939)*

The notes on pages 46 to 97 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December (in € thousand)	Notes	2014	2013
Intangible assets	13	886,815	737,784
Property, plant & equipment	14	835,049	675,488
Investment properties	15	12,705	15,025
Other assets		28,618	22,246
Derivative financial instruments with positive fair values	26	45,835	12,732
Deferred tax assets	23	24,374	21,655
Employee benefits	22b	37,308	32,956
Non-current assets		1,870,703	1,517,885
Inventories	16	541,509	482,590
Current tax assets		24,345	26,602
Amounts receivable	17	393,672	325,646
Cash & cash equivalents	18	110,208	75,040
Assets held for sale		10,309	3,278
Current assets		1,080,043	913,156
TOTAL ASSETS		2,950,747	2,431,041

As at 31 December (in € thousand)		2014	2013
Share capital	19	62,666	62,666
Share premium	19	13,332	13,332
Retained earnings and reserves		1,305,237	1,189,358
Equity attributable to Group equity holders		1,381,236	1,265,356
Non-controlling interests		58,015	51,900
TOTAL EQUITY		1,439,250	1,317,257
Loans and borrowings	21	607,965	313,326
Employee benefits	22b	87,142	72,330
Deferred tax liabilities	23	93,612	77,337
Provisions	24	13,663	15,508
Derivative financial instruments with negative fair values	26	15,287	7,719
Fair value adjustment on debt amounts		9,537	4,079
Other amounts payable	25	108,274	93,995
Non-current liabilities		935,480	584,294
Loans and borrowings	21	104,082	125,469
Bank overdrafts	18	24,374	10,145
Provisions	24	22,796	22,248
Current tax liabilities		11,966	9,488
Amounts payable	25	412,798	362,141
Current liabilities		576,016	529,490
TOTAL LIABILITIES		1,511,496	1,113,785
TOTAL EQUITY & LIABILITIES		2,950,747	2,431,041

The notes on pages 46 to 97 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Attributable to Group equity holders

2013

(in € thousand)	Notes	Share capital	Share premium	Hedging reserve	Reserve for own shares	Translation reserve	Retained earnings	Total capital & reserves	Non-controlling interests	TOTAL EQUITY
As at 1 January 2013		62,666	13,332	(3,608)	(101,465)	9,088	1,387,612	1,367,625	9,984	**1,377,609**
Profit for the period							108,275	108,275	3,910	**112,185**
Other comprehensive income :										
Foreign currency translation differences	19					(93,501)		(93,501)	(7,849)	**(101,350)**
Net loss on hedge of net investment (net of tax)	19					975		975		**975**
Cash flow hedges (net of tax)	26			(2,654)				(2,654)		**(2,654)**
Remeasurement IAS19							18,726	18,726		**18,726**
Change in fair value of put option with non-controlling interests							(105,959)	(105,959)		**(105,959)**
Transactions with Group equity holders :										
Share-based payments	22c						548	548		**548**
Own shares acquired	22c				(10,990)			(10,990)		**(10,990)**
Own shares sold	22c				4,892		3,855	8,747		**8,747**
Dividends to shareholders							(26,435)	(26,435)	(1,289)	**(27,724)**
Acquisition of non-controlling interest									47,144	**47,144**
As at 31 December 2013		62,666	13,332	(6,262)	(107,563)	(83,438)	1,386,622	1,265,357	51,900	**1,317,257**

2014

(in € thousand)	Notes	Share capital	Share premium	Hedging reserve	Reserve for own shares	Translation reserve	Retained earnings	Total capital & reserves	Non-controlling interests	TOTAL EQUITY
As at 1 January 2014		62,666	13,332	(6,262)	(107,563)	(83,438)	1,386,622	1,265,357	51,900	**1,317,257**
Profit for the period							100,588	100,588	1,554	**102,142**
Other comprehensive income :										
Foreign currency translation differences	19					60,057		60,057	5,984	**66,041**
Net loss on hedge of net investment (net of tax)	19					(4,264)		(4,264)		**(4,264)**
Cash flow hedges (net of tax)	26			379				379	(76)	**303**
Remeasurement IAS19							(6,202)	(6,202)	(40)	**(6,242)**
Change in fair value of put option with non-controlling interests							(3,601)	(3,601)		**(3,601)**
Transactions with Group equity holders :										
Share-based payments	22c						494	494		**494**
Own shares acquired	22c				(8,052)			(8,052)		**(8,052)**
Own shares sold	22c				3,510		1,808	5,318		**5,318**
Dividends to shareholders	19						(28,838)	(28,838)	(1,315)	**(30,153)**
Acquisition of non-controlling interest	6								7	**7**
As at 31 December 2014		62,666	13,332	(5,883)	(112,105)	(27,645)	1,450,871	1,381,236	58,014	**1,439,250**

The notes on pages 46 to 97 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December (in € thousand)	Notes	2014	2013
OPERATING ACTIVITIES			
Profit before income tax		161,759	163,630
Depreciation	14,15	80,258	76,576
Amortization	13	10,807	10,944
Impairment losses on PP&E, intangible assets and assets held-for-sale		1,318	2,535
Impairment losses on financial assets	11	320	1,970
Equity-settled share-based payments	22c	494	548
Financial instruments - fair value adjustment through profit or loss		(23,686)	4,446
Net interest (income) / expenses		23,713	21,238
Dividend income	10	(335)	(63)
Loss / (gain) on sale of property, plant and equipment		(529)	403
Loss / (gain) on sale of investment property		(4)	-
Loss / (gain) on sale of assets held-for-sale		(730)	(864)
Other - miscellaneous		27,448	(7,523)
Gross cash flows from operating activities		280,832	273,838
Decrease / (increase) in inventories		10,993	(10,253)
Decrease / (increase) in amounts receivable		(14,486)	22,427
Increase / (decrease) in amounts payable		2,272	6,694
Increase / (decrease) in provisions		(6,731)	(208)
Changes in working capital and provisions		(7,951)	18,660
Cash generated from operations		272,881	292,498
Income tax paid		(57,087)	(78,657)
Net cash flows from operating activities		215,793	213,841

For the year ended 31 December (in € thousand)	Notes	2014	2013
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,836	1,930
Proceeds from sale of intangible assets		1	-
Proceeds from sale of investment property		2,070	-
Proceeds from sale of assets held-for-sale		1,800	4,646
Proceeds from sale of investments		26	8
Repayment of loans granted		34	131
Acquisition of businesses, net of cash acquired	6	(239,668)	(105,468)
Acquisition of property, plant and equipment	14	(135,977)	(131,446)
Acquisition of intangible assets	13	(6,076)	(4,551)
Acquisition of other investments		(2,051)	(162)
Loans granted		(114)	(547)
Dividends received		335	73
Interest received		1,143	689
Net cash flows used in investing activities		(375,641)	(234,698)

For the year ended 31 December (in € thousand)	Notes	2014	2013
FINANCING ACTIVITIES			
Proceeds from sale of treasury shares	22c	5,318	8,747
Proceeds from obtaining borrowings		322,000	141,798
Repurchase of treasury shares	22c	(8,052)	(10,990)
Repayment of borrowings		(104,125)	(86,625)
Dividends paid		(29,876)	(29,540)
Interest paid		(23,072)	(20,476)
Cash flows from financing activities		162,192	2,913
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		2,345	(17,945)

Cash and cash equivalents

For the year ended 31 December (in € thousand)	Notes	2014	2013
As at 1 January 2014	18	64,895	80,785
Net (decrease) / increase in cash and cash equivalents		2,345	(17,945)
Cash and cash equivalents resulting from first time consolidated subsidiaries		533	1,903
Effect of exchange rate fluctuations on cash held		18,061	152
As at 31 December 2014	18	85,834	64,895

The notes on pages 46 to 97 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

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1. Corporate information

Aliaxis S.A. ("the Company") is a company domiciled in Belgium. The address of the Company's registered office is Avenue de Tervueren, 270, 1150 Brussels. The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company, its subsidiaries and interest in equity accounted investees (together referred to as the "Group" or "Aliaxis").
Aliaxis employed around 16,200 people, is present in more than 40 countries throughout the world, and is represented in the marketplace through more than 100 manufacturing and selling companies, many of which trade using their individual brand identities. The Group is primarily engaged in the manufacture and sale of plastic pipe systems and related building and sanitary products which are used in residential and commercial construction and renovation as well as in a wide range of industrial and public utility applications.
The financial statements have been authorized for issue by the Company's Board of Directors on 25 March 2015.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective and adopted by the European Union as at the reporting date.
Aliaxis was not obliged to apply any European carve-outs from IFRS, meaning that the financial statements are fully compliant with IFRS. The Company has not elected for early application of any of the standards or interpretations which were not yet effective on the reporting date.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following:

- derivative financial instruments are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- share-based payment arrangements;
- employee benefits;
- asset held for sale.

(c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest thousand, except when otherwise indicated.

(d) Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements, are described in the following notes:

- Note 6 – acquisition of subsidiary;
- Note 13 – measurement of the recoverable amounts of cash-generating units;
- Note 22b – measurement of defined benefit obligations;
- Note 22c – measurement of share-based payments;
- Note 23 – use of tax losses;
- Notes 24 and 29 – provisions and contingencies;
- Note 26 – valuation of derivative financial instruments and determination of effectiveness for hedge accounting.

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair values of an asset and liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 15 – investment properties;
- Note 22c – share-based payments;
- Note 26 – financial instruments.

3. Significant accounting policies

Except for the change explained below, the accounting policies adopted are consistent with those of the previous financial year.
The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2014:

- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12);
- IAS 28 – Investments in Associates and Joint Ventures (2014);
- Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39 Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting.

The above new and amended IAS/IFRS standards and interpretations did not result in significant changes in the consolidated financial statements.

Except as mentioned above, the accounting policies set out below have been applied consistently by all of the reporting entities that Aliaxis has defined in its reporting and consolidation process.

Certain comparative amounts in the consolidated statement of profit or loss have been reclassified conform with the current year's presentation.

Aliaxis has chosen 31 December as the reporting date. The consolidated financial statements are presented before the effect of the profit appropriation of the Company proposed to the annual shareholders' meeting, and dividends therefore are recognized as a liability in the period they are declared.

(a) Basis of consolidation

A list of the most important subsidiaries and equity accounted investees is presented in Note 31.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Interests in equity-accounted investees
The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the assets of the arrangement, rather than rights to its assets and obligations for its liabilities.
Associates and joint ventures are accounted for using the equity method and are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Transactions eliminated on consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any related non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognized in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Aliaxis entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are carried at historical cost are translated at the reporting date at exchange rates at the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the reporting date at the exchange rate at the date the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation (see below), which are recognized directly in other comprehensive income (OCI) under translation reserve.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at average exchange rates for the year approximating the foreign exchange rates at the dates of the transactions. The components of shareholders' equity are translated at historical exchange rates.
Foreign currency differences are recognized in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Hedge of net investment in a foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the euro regardless of whether the net investment is held directly or through an intermediate parent. Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly in OCI under translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. When the hedged net investment is disposed of, in part or in full, the relevant cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.
In addition, monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are a part of the Group's net investment in such foreign operation. Any foreign currency differences on these items are recognized directly in OCI under translation reserve, and the relevant cumulative amount in OCI is transferred to profit or loss when the investment is disposed of, in part or in full.

Exchange rates

The following major exchange rates have been used in preparing the consolidated financial statements.

	Average		Reporting date	
	2014	2013	2014	2013
AUD	**1.473**	1.377	**1.483**	1.542
CAD	**1.467**	1.368	**1.406**	1.467
GBP	**0.806**	0.849	**0.779**	0.834
NZD	**1.600**	1.620	**1.553**	1.676
USD	**1.329**	1.328	**1.214**	1.379
INR	**81.042**	77.811	**76.266**	85.366

(c) Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets.

The carrying amount of goodwill is allocated to those reporting entities that are expected to benefit from the synergies of the business combination and those are considered as the Group's cash-generating units. Goodwill is expressed in the functional currency of the reporting entity to which it is allocated and is translated to euro using the exchange rate at the reporting date.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill is measured at cost less accumulated impairment losses (see Note 3k).

As part of its transition to IFRS, the Group elected not to restate those business combinations that occurred prior to 1 January 2005; goodwill represented the amount, net of accumulated amortization, recognized under the Group's previous accounting framework, Belgian GAAP.

For acquisitions as of 1 January 2005, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss.

Intangible assets acquired in a business combination

Intangible assets such as customers' relationships, trademarks, patents acquired in a business combination initially are recognized at fair value. If the criteria for separate recognition are not met, they are subsumed under goodwill.

The calculation of the fair value of a customer list is based on the discounted cash flows (after tax) derived from the sales related to such customers after (i) applying an attrition rate (as observed over a relevant historical period of time), and (ii) accounting for all related operating costs (except financial) including specific contributory charges on assets and labor.

Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Aliaxis intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes capitalized borrowing costs and the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. If the recognition criteria referred to above are not met, the expenditure is recognized in profit or loss as an expense when incurred.

Capitalized development expenditure is measured at cost less accumulated amortization (see below) and accumulated impairment losses (see Note 3k).

Other intangible assets

Other intangible assets that are acquired by Aliaxis which have finite useful lives are measured at cost less accumulated amortization (see below) and accumulated impairment losses (see Note 3k).

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss when incurred.

Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets with a finite life, from the date that they are available for use. Goodwill is not amortized. The estimated useful lives are as follows:

- Patents, concessions and licenses — 5 years
- Capitalized development costs — 3-5 years
- IT software — 5-7 years
- Drawings — 25 years

The value of the customer list is amortized -with a straight line method- along a useful life which corresponds to the number of years until the present

value of the last individual cash-flow becomes insignificant.
Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see Note 3k). Aliaxis elected to measure certain items of property, plant and equipment at 1 January 2005, the date of transition to IFRS, at fair value and used those fair values as deemed cost at that date.
Cost includes expenditures that are directly attributable to the acquisition of the asset; e.g. cost of materials and direct labour, costs incurred to bring the asset to its working condition and location for its intended use, any relevant costs of dismantling and removing the asset and restoring the site on which the asset was located when the Group has an obligation.
Purchased software that is integral to the functionality of the related equipment and borrowing costs are capitalized, as part of that equipment.
Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within other income/expenses in profit or loss.
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure
The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item only if it is probable that the future economic benefits embodied within such part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation
Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless there is certainty that the Group will take ownership at the end of the lease term. Land is not depreciated.
Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.
The estimated useful lives are as follows:

• Buildings:	
- Structure	40-50 years
- Roof and cladding	15-40 years
- Installations	15-20 years
• Plant, machinery and equipment:	
- Silos	20 years
- Machinery and surrounding equipment	10 years
- Moulds	3-5 years
• Furniture	10 years
• Office machinery	3-5 years
• Vehicles	5 years
• IT & IS	3-5 years

Depreciation methods and useful lives, together with residual values if not insignificant, are reassessed at each reporting date and adjusted if appropriate.

(e) Leased assets

Leases under the terms of which Aliaxis assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset, as well as the lease liability, is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.
Other leases are operating leases and are not recognized in the statement of financial position (see Note 3u).

(f) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and impairment losses (see Note 3k).
Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of the property consistent with the useful lives for property, plant and equipment (see Note 3d).
The fair values, which are determined for disclosure purposes, are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In the absence of current prices

in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

(g) Other non-current assets

Investments in equity securities
Investments in equity securities are undertakings in which Aliaxis does not have significant influence or control. These investments are designated as available-for-sale financial assets which are, subsequent to initial recognition, measured at fair value, except for those equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Those equity instruments that are excluded from fair valuation are stated at cost. Changes in the fair value, other than impairment losses (see Note 3k), are recognized directly in OCI. When an investment is derecognized, the cumulative gain or loss previously recognized directly in equity is transferred to profit or loss.

Investments in debt securities
Investments in debt securities are classified at fair value through profit or loss or as being available-for-sale and are carried at fair value with any resulting gain or loss respectively recognized in profit or loss or directly in OCI. Impairment losses (see Note 3k) and foreign exchange gains and losses are recognized in profit or loss.

Other financial assets
A financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if Aliaxis manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Other assets
These assets are measured at amortized cost using the effective interest rate method, less any impairment losses (see Note 3k).

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle for raw materials, packaging materials, consumables, purchased components and goods purchased for resale, and on the first-in first-out principle for finished goods, work in progress and produced components.
The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost also includes production costs and an appropriate share of production overheads based on normal operating capacity.
Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Amounts receivable

Amounts receivable comprise trade and other receivables. These amounts are carried at amortized cost, less impairment losses (see Note 3k).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with final maturities of three months or less at acquisition date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Impairment

Financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.
All impairment losses are recognized in profit or loss.

Any cumulative loss of an available-for-sale financial asset recognized previously in OCI is transferred to profit or loss.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in OCI.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (see Note 3h) and deferred tax assets (see Note 3v), are reviewed at each reporting date to determine whether there is any external or internal indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.
An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
The Group's overall approach as to the level for testing goodwill impairment is at the lowest level at which goodwill is monitored for external reporting purposes, which is in general at the reporting entity level. The recoverable amount of the CGUs to which the goodwill belongs is based on a discounted free cash flow approach, based on acquisition valuation models. These calculations are corroborated by valuation multiples or other available fair value indicators.
An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.
An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Discontinued operations and assets held for sale

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss. Intangible assets and property, plant and equipment once classified as held for sale are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

(m) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends

Dividends are recognized as liabilities in the period in which they are declared.

(n) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between the initial amount and the maturity amount being recognized in profit or loss over the expected life of the instrument on an effective interest rate basis.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the period during which related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

The Group recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the asset ceiling (if any, excluding interests) are recognized immediately in OCI. The Group determines the net interest expenses (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expenses and other expenses related to a defined benefit plans are recognized in profit or loss.

When the calculation results in a benefit to Aliaxis, the recognized asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans such as service anniversary bonuses is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations

and that are denominated in the same currency in which the benefits are expected to be paid. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise.

Termination benefits
Termination benefits are recognized as an expense when Aliaxis is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if Aliaxis has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Short-term benefits
Short-term employee benefit obligations such as bonuses are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if Aliaxis has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions
The fair value of options granted to employees is measured at grant date. The amount is recognized as an employee expense, with a corresponding increase in equity within retained earnings, and spread over the period in which the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest.
The fair value of options granted to employees is measured using the Black & Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(p) Provisions

A provision is recognized if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Warranties
A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring
A provision for restructuring is recognized when Aliaxis has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly before the reporting date. Future operating losses are not provided for.

Onerous contracts
A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with the contract.

(q) Amounts payable

Amounts payable which comprise trade and other amounts payable represent goods and services provided to the Group prior to the end of the reporting date which are unpaid. These amounts are carried at amortized cost.

(r) Derivative financial instruments and hedge accounting

Aliaxis holds derivative financial instruments to hedge its exposure to foreign currency and interest rate risks arising from operational, financing and investment activities. The net exposure of all subsidiaries is managed on a centralized basis. As a policy, Aliaxis does not engage in speculative transactions and does not therefore hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.
Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.
On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.
Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative hedging instrument designated as a cash flow hedge is recognized directly in equity. Any ineffective portion of changes in fair value is recognized in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Hedge of net investment in foreign operation

Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be effective is recognized directly in equity within the translation reserve, while the ineffective portion is reported in profit or loss.

Fair value hedges

When a derivative financial instrument hedges the variability in fair value of a recognized asset or liability, any resulting gain or loss on the hedging instrument is recognized in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in OCI.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in profit or loss as part of foreign currency gains and losses.

(s) Revenue

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.
Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Rental income

Rental income from investment properties is recognized in profit or loss in other operating income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral

part of the total rental income, over the term of the lease.

Government grants
Government grants are recognized initially as deferred income when there is reasonable assurance that they will be received and that Aliaxis will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in other operating income and expense on a systematic basis over the useful life of the asset.

(t) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues, using the effective interest method. Dividend income is recognized on the date that the Group's right to receive payment is established.
Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets (except losses on receivables) and losses on hedging instruments that are recognized in profit or loss.
Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognized in profit or loss using the effective interest method.
Foreign currency gains and losses are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

(u) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as a reduction of the total lease expense, over the term of the lease. When an operating lease is terminated before the lease period is expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(v) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity, or in other comprehensive income.
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Current tax payable also includes any tax liability arising from the declaration of dividends.
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (including differences arising from fair values of assets and liabilities acquired in a business combination).
Deferred tax is not recognized for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.
Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and on the same taxable entity or group of entities.
In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact

tax expense in the period that such a determination is made.
A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(w) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements, except if they arise from a business combination. They are disclosed, when material, unless the possibility of a loss is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed, when material, if the inflow of economic benefits is probable.

(x) Events after the reporting date

Events after the reporting date which provide additional information about the Group's position as at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the reporting date which are non-adjusting events are disclosed in the notes to the consolidated financial statements, when material.

(y) Earnings per share

Aliaxis presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(z) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2014, and have not been applied in preparing these consolidated financial statements:

IFRIC 21 Levies provides guidance on accounting for levies in accordance with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The interpretation will become mandatory for the Group's 2015 consolidated financial statements, with retrospective application.
This is not expected to have a material impact.

IFRS 9 Financial Instruments published in July 2014 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements, which align hedge accounting more closely with risk management. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. This new standard has not yet been endorsed by the EU.
The extent of the impact has not yet been determined.

Annual Improvements to IFRS 2010-2012 cycle is a collection of minor improvements to 6 existing standards. This collection, which becomes mandatory for the Group's 2015 consolidated financial statements, is not expected to have a material impact on our consolidated financial statements.

Annual Improvements to IFRS 2011-2013 cycle is a collection of minor improvements to 4 existing standards. This collection, which becomes mandatory for the Group's 2015 consolidated financial statements, is not expected to have a material impact on our consolidated financial statements.

Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments which become mandatory for the Group's 2015 consolidated financial statements, are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for the annual reports beginning on or after 1 January 2017,

with early adoption permitted. This standard has not yet been endorsed by the EU. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

Annual Improvements to IFRS 2012-2014 cycle is a collection of minor improvements to 4 existing standards. This collection, which becomes mandatory for the Group's 2016 consolidated financial statements, is not expected to have a material impact on our consolidated financial statements. These changes have not yet been endorsed by the EU.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) determines that when an entity acquires an interest in a joint operation that is a business, as defined in IFRS 3, it shall apply all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this IFRS. The amendments which become mandatory for the Group's 2016 consolidated financial statements, are not expected to have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38) emphasizes that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. For intangible assets, only in limited circumstances revenue-based amortization can be permitted. The amendments which become mandatory for the Group's 2016 consolidated financial statements, are not expected to have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) provides guidance on the recognition of the gain or loss when accounting for the sale or contribution of a subsidiary to an associate or joint venture. The amendments which become mandatory for the Group's 2016 consolidated financial statements, are not expected to have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

4. Business combinations

(a) Acquisition method

Business combinations are accounted for using the acquisition method when control is transferred to the Group (definition of control see 3a). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Any goodwill that arises is tested annually for impairment.
Any gain on a bargain purchase is recognized immediately in profit or loss.
The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.
Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration meets the definition of a financial instrument and is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(b) Determination of fair values

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at acquisition date as follows:

- The fair value of property, plant and equipment is based on market values. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items when available and depreciated replacement costs when appropriate.

- The fair value of patents and trademarks is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.
- The fair value of customer list is based on the discounted cash flows (after tax) derived from the sales related to such customers after (i) applying an attrition rate (as observed over a relevant historical period of time), and (ii) accounting for all related operating costs (except financial) including specific contributory charges on assets and labor.
- The fair value of inventories is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.
- Contingent liabilities are recognized at fair value on acquisition, if their fair value can be measured reliably. The amount represents what a third party would charge to assume those contingent liabilities, and such amount reflects all expectations about possible cash flows and not the single most likely or the expected maximum or minimum cash flow.

If, after initial recognition, the contingent liability becomes a liability, and the provision required is higher than the fair value recognized at acquisition, then the liability is increased. The additional amount is recognized as a current period expense. If, after initial recognition, the provision required is lower than the amount recognized at acquisition, then the liability is recognized at the fair value on acquisition and decreased, if appropriate, for the amortization of the contingent liability to unwind the discount embedded in the fair value of the contingent liability.

5. Financial risk management

(a) Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, the Group's objectives, policies and processes for measuring and managing risk, as well as the Group's management of capital. Further quantitative disclosures are included throughout the notes to the consolidated financial statements.
Risks relating to credit worthiness, interest rate and exchange rate movements, commodity prices and liquidity arise in the Group's normal course of business. However, the most significant financial exposures for the Group relate to the fluctuation of interest rates on the Group's financial debt and to fluctuations in currency exchange rates.
The Group addresses these risks and defines strategies to limit their economic impact on its performance in accordance with its financial risk management policy. Such policy includes the use of derivative financial instruments. Although these derivative financial instruments are subject to fluctuations in market prices subsequent to their acquisition, such changes are generally offset by opposite changes in the value of the underlying items being hedged.
The Audit Committee is responsible for overseeing how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee relies on the monitoring performed by management.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.
The Group's exposure to credit risk is influenced by the individual characteristics of each customer, its industry and the country or region where it operates. The Group's main sales distribution channels are wholesale and retail do-it-yourself (DIY) chains. Despite a trend towards consolidation in Europe and North America, the diversity of Aliaxis' product range helps it to maintain a wide customer portfolio and to avoid as much as possible exposure to any significant individual customer.
Aliaxis management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit above a certain amount. The Group does not require collateral, except in very rare circumstances, in respect of financial assets. Investments are allowed only in liquid securities and only with counterparties that have a robust credit rating. Transactions involving derivatives are with counterparties with whom the Group has a signed netting agreement and who have sound credit ratings. Management does not expect any counterparty to fail to meet its obligations.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to

individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.
The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivatives in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. In addition, the Group has a multi currency revolving credit facility of € 650 million committed by a syndicate of banks up to July 2016 and has issued USD 260 million of US Private Placement notes for a period of 7 to 12 years maturing from 2018 to 2023.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, interest rates or equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the financial risk management policies. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to foreign currency risk on transactions such as sales, purchases, borrowings, dividends, fees and interest denominated in non-euro currencies. Currencies giving rise to such risk are primarily the Canadian dollar (CAD), the Australian dollar (AUD), the pound sterling (GBP), the Indian rupee (INR) and the US dollar (USD). Where there is no natural hedge, the foreign currency risk is primarily managed by the use of forward exchange contracts. All contracts have maturities of less than one year. Foreign currency risk on firm commitments and forecast transactions is subject to hedging (in whole or in part) when the underlying operating transactions are reasonably expected to occur within a determined time frame. Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in profit or loss as part of foreign exchange gains and losses.
The Group's policy is to partially hedge the risk arising from consolidating net assets denominated in non-euro currencies by permanently maintaining liabilities through borrowings or cross currency swaps in such non-euro currencies. Where a foreign currency borrowing or cross currency swaps are used to hedge a net investment in a foreign operation, exchange differences arising on translation of the borrowing are recognized directly in OCI within translation reserve.
The Group's net investments in Canada, the US, India, Australia, the UK and New Zealand are partially hedged through borrowings or cross currency swaps maintained in Canadian dollars, US dollars, Indian rupees, Australian dollars, pound sterling and New Zealand dollars.
Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily CAD, EUR, GBP, AUD, INR, and USD. This provides an economic hedge and no derivatives are entered into.
In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Commodity risk

Raw materials used to manufacture the Group's products mainly consist of plastic resins such as polyvinylchloride (PVC), polyethylene (PE) and polypropylene (PP), which are a significant element of the cost of the Group's products. The prices of these raw materials are volatile and tend to be cyclical, and Aliaxis is generally able to recover raw material price increases through higher product selling prices, although sometimes after a time lag. The Group tries to optimize its resin purchases thanks to a centralized approach to the procurement of major raw materials. In addition, the Group is also exposed to the volatility of energy prices (particularly electricity).

Interest rate risk

The Group has floating-rate borrowings exposed to the risk of changes in cash flows, due to changes in interest rates. The Group has also fixed-rate US Private Placement notes denominated in USD subject to the risk of changes in fair value because of changes in USD exchange and interest rates.

The Group policy is to hedge its interest rate risk through swaps, cross currency swaps and other derivatives. No derivatives are ever acquired or maintained for speculative or leveraged transactions.

Other market price risk

Demand for the Group's products is principally driven by the level of construction activity in its main markets, including new housing, repairs, maintenance and improvement, infrastructure and industrial markets. Its geographical and industrial spread provides a degree of risk diversification. Demand is influenced by fluctuations in the level of economic activity in individual markets, the key determinants of which include GDP growth, changes in interest rates, the level of new housing starts and industrial and infrastructure investment.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain the confidence of investors, creditors and other stakeholders and to sustain future development of the business. The Board of Directors monitors the return on equity (profit of the year attributable to equity holders of the Group divided by the average of equity attributable to equity holders of Aliaxis at the beginning and end of the reporting period).

The Board of Directors also monitors the level of dividends to ordinary shareholders. The Group's present intention is to recommend to the shareholders' meeting a dividend increasing in line with past practice and subject to annual review in light of the future profitability of the Group.

No assurance can however be given that the Company will pay dividends in the future. Such payments will depend upon a number of factors, including prospects, strategies, results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors considered relevant by the Board. Pursuant to the Belgian Company Code, the calculation of amounts available for distribution to shareholders, as dividends or otherwise must be determined on the basis of the Company's non-consolidated Belgian GAAP financial statements by which the Company is required to allocate each year at least 5% of its annual net profits to its legal reserve, until the legal reserve equals at least 10% of the Company's share capital. As a consequence of these factors, there can be no assurance as to whether dividends or similar payments will be paid out in the future or, if they are paid, what their amount will be.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In 2014, the Group share of return on equity was 7.6% (2013: 8.2%). In comparison the weighted average interest expense on interest-bearing borrowings was 3.99% (2013: 4.15%).

There were no changes in the Group's approach to capital management during the year, which will remain prudent given the current economic circumstances. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6. Acquisitions and disposals of subsidiaries and non-controlling interests

On 1 August 2014 the Group announced the acquisition of 100% of Vinidex Pty Ltd, a leading Australian manufacturer of PVC and Polyethylene piping systems with state-of-the-art manufacturing facilities and distribution network across Australia. Vinidex generates around AUD 500 million (approximately € 340 million) in annual sales.
As of 1 August 2014 the accounts of Vinidex Pty Ltd are fully integrated in the consolidated financial statements of the Group.
The value of assets and liabilities recognized on acquisition are their estimated fair values (see Note 4 for methods used in determining fair values).
Goodwill is attributable to the profitability and the growth potential of the acquired businesses.
The Group incurred acquisition related cost of € 6.9 million including stamp duties. These costs are included in non-recurring items.

For the year 2013, Nicoll Vostok (Russia), AUI Kft (Hungary) and Marley Pipes Systems Namibia were still treated as non-consolidated subsidiaries. As of 1 January 2014 the accounts of those companies were fully integrated in the consolidated financial statements of the Group. The first consolidation did not result in a material impact in the financial statements.

As from 2014, in order to reflect the performance of the remaining 100% non-consolidated subsidiaries in the income statement, the Group has incorporated as financial result the gross difference between closing equity 31 December 2014 and the value of the financial investment. This has resulted in a financial income of € 2.6 million.

		Vinidex		
(in € thousand)	Notes	Pre-acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Intangible assets		4,458	64,406	68,864
Property, plant and equipment		72,131	27,083	99,214
Inventories		43,327	4,765	48,092
Amounts receivable		45,282	(110)	45,172
Other non-current assets		232	-	232
Employee benefits		(4,205)	(106)	(4,311)
Deferred taxes		8,924	(24,212)	(15,288)
Provisions		(761)	-	(761)
Amounts payable		(60,446)	670	(59,776)
Net identifiable assets and liabilities		108,943	72,496	181,439
Goodwill on acquisition	13	-	-	47,846
Total acquired net assets		108,943	72,496	229,285
Consisting of:				
- consideration paid, satisfied in cash				229,366
- cash and cash equivalents acquired				(80)
Consideration paid, satisfied in cash				229,285

Acquired trade receivables are expected to be collectible.

7. Other operating income and expenses

(in € thousand)	2014	2013
Government grants	1,011	1,055
Rental income from investment properties	1,996	1,962
Operating costs of investment properties	(1,051)	(1,086)
Gain on the sale of fixed assets	661	461
Restructuring costs	(874)	(3,928)
M&A related intangibles amortization	(7,865)	(7,444)
Taxes to be considered as operating expenses	(8,323)	(8,418)
Other rental income	1,360	1,521
Insurance recovery	6,418	257
Other	(8,484)	(6,218)
Other operating income / (expenses)	(15,151)	(21,838)

In 2014, a cost of € 6.4 million relating to a flood incident in Italy is included in 'Other'. Most of this cost will be recovered by insurance.

8. Non-recurring items

(in € thousand)	Notes	2014	2013
Impairment of goodwill	13	-	-
Other non-recurring items		(30,174)	(21,450)
Non-recurring items		(30,174)	(21,450)

In 2014 and 2013, the cost in respect of the other non-recurring items relates mainly to a number of industrial reorganization projects in EMEA and Latin America. 2014 also includes acquisition related cost of € 6.9 million including stamp duties regarding the Vinidex acquisition.

9. Additional information on operating expenses

The following personnel expenses are included in the operating result:

(in € thousand)	Notes	2014	2013
Wages & salaries		516,513	502,527
Social security contributions		77,668	76,280
Net change in restructuring provisions		(565)	427
Expenses related to defined benefit plans	22b	5,561	5,249
Expenses related to defined contribution plans	22a	15,102	15,215
Share-based payments	22c	494	548
Other personnel expenses		29,772	26,588
Personnel expenses		644,544	626,835

The total average number of personnel was as follows:

(in units)	2014	2013
Production	11,241	10,950
Sales and marketing	3,110	2,927
R&D and administration	1,882	1,830
Total workforce	16,233	15,707

Personnel expenses, depreciation, amortization and impairment charges are included in the following line items of the statement of comprehensive income:

(in € thousand)	Personnel expenses	Depreciation and impairment of property, plant & equipment, investment property and assets held for sale	Amortization and impairment of intangible fixed assets	Total depreciation, amortization and impairment
Cost of sales	345,713	71,347	406	71,752
Commercial expenses	160,778	1,210	8,012	9,222
Administrative expenses	108,720	5,939	2,198	8,137
R&D expenses	16,991	718	134	852
Other operating (income) / expenses	4,617	1,292	57	1,350
Non-recurring items	7,726	1,069	-	1,069
Total	644,544	81,575	10,807	92,382

10. Finance income

(in € thousand)	2014	2013
Interest income from cash & cash equivalents	1,110	888
Interest income on other assets	185	273
Dividend income	335	63
Net change in the fair value of hedging derivatives - ineffective portion	602	2,183
Other	4,557	5,039
Finance income	6,789	8,447

11. Finance expenses

(in € thousand)	2014	2013
Interest expense on financial borrowings	(23,392)	(20,809)
Amortization of deferred arrangement fees	(1,314)	(1,314)
Interest expense on other liabilities	(302)	(277)
Net foreign exchange loss	(5,552)	(6,023)
Bank fees	(5,374)	(4,233)
Impairment of financial assets	(320)	(1,970)
Other	(4,336)	(4,084)
Finance expenses	(40,590)	(38,709)

12. Income taxes

Income taxes recognized in the profit or loss can be detailed as follows:

(in € thousand)	2014	2013
Current taxes for the period	(61,310)	(57,978)
Adjustments to current taxes in respect of prior periods	(574)	1,878
Total current tax expense	(61,885)	(56,100)
Origination and reversal of temporary differences	3,185	3,102
Impact of change in enacted tax rates	(2,274)	526
Adjustment to deferred taxes in respect of prior periods	757	(1,935)
Recognition of deferred tax assets on tax losses not previously recognized	600	2,964
Total deferred tax income / (expense)	2,267	4,656
Income tax expense in profit & loss	(59,618)	(51,445)

The income tax recognized in other comprehensive income is not material.

The change in enacted tax rate is mainly related to the increase of tax rate in Chile.

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate can be summarized as follows:

(in € thousand)	2014	%	2013	%
Profit before income taxes	161,759		163,630	
Tax at aggregated weighted nominal tax rate	(44,487)	27.5%	(46,622)	28.5%
Tax effect of:				
Non-deductible expenses	(3,165)	2.0%	(3,067)	1.9%
Non-deductible interest expenses	(3,235)	2.0%	(1,810)	1.1%
Non-deductible impairment of goodwill	-	-	336	(0.2%)
Current year losses for which no deferred tax asset is recognized	(8,505)	5.3%	(7,670)	4.7%
Current year losses for which a DTA is recognized	910	(0.6%)	603	(0.4%)
Change in enacted tax rates	(2,274)	1.4%	526	(0.3%)
Taxes on distributed and undistributed earnings	(8,008)	5.0%	(1,502)	0.9%
Withholding taxes on interest and royalty income	(644)	0.4%	(705)	0.4%
Taxation on another basis than income	(2,663)	1.6%	(2,077)	1.3%
Utilization of tax losses not previously recognized	1,831	(1.1%)	1,885	(1.2%)
Utilization of tax losses for which a DTA has previously been recognized	(1,250)	0.8%	(1,381)	0.8%
Tax savings from special tax status	9,415	(5.8%)	10,470	(6.4%)
Current tax adjustments in respect of prior periods	(574)	0.4%	1,878	(1.1%)
Deferred tax adjustments in respect of prior periods	757	(0.5%)	(1,935)	1.2%
Recognition of previously unrecognized tax losses and tax credits	600	(0.4%)	2,964	(1.8%)
Other	1,679	(1.0%)	(3,334)	2.0%
Income tax expense in profit or loss	(59,618)	36.9%	(51,445)	31.4%

13. Intangible assets

(in € thousand)	Goodwill	Other intangible assets (finite life)	2014 Total intangible assets	2013 Total intangible assets
Cost				
As at 1 January	648,116	214,897	863,014	771,699
Changes in the consolidation scope	47,846	71,232	119,079	170,016
- Acquistions	*47,846*	*71,232*	*119,079*	*170,016*
Acquisitions	-	6,076	6,076	4,551
Disposals & retirements	(683)	(3,568)	(4,251)	(2,025)
Transfers	-	680	680	192
Exchange difference	29,084	11,410	40,495	(81,419)
As at 31 December	724,364	300,727	1,025,091	863,014
Amortization and impairment losses				
As at 1 January	(58,334)	(66,894)	(125,228)	(125,670)
Changes in the consolidation scope	-	(16)	(16)	(53)
- Acquistions	-	*(16)*	*(16)*	*(53)*
Charge for the period	-	(10,807)	(10,807)	(11,239)
- Amortization	-	*(10,807)*	*(10,807)*	*(10,944)*
- Impairment (recognized) / reversed	-	-	-	*(295)*
Disposals & retirements	683	3,565	4,249	2,024
Transfers	-	8	8	30
Exchange difference	(4,830)	(1,651)	(6,481)	9,679
As at 31 December	(62,480)	(75,795)	(138,275)	(125,228)
Carrying amount at the end of the period	661,883	224,932	886,815	737,784
Carrying amount at the end of the previous period	589,782	148,003	737,784	646,028

The carrying amounts of goodwill allocated to each CGU at 31 December is as follows:

(in € thousand)		2014	2013
CGU	Country		
Aliaxis North America and subsidiaries	Canada and USA	**263,329**	250,677
FIP	Italy	**61,887**	61,887
Vinidex	Australia	**46,382**	-
Friatec	Germany	**44,425**	44,425
Ashirvad	India	**39,959**	35,700
Durman Esquivel and subsidiaries	Central America	**38,087**	34,452
Nicoll	France	**32,701**	32,701
RX Plastics	New Zealand	**31,022**	28,733
Philmac	Australia	**28,708**	27,603
Marley Deutschland	Germany	**19,402**	19,402
Vinilit	Chile	**15,416**	15,689
Nicoll	Peru	**9,565**	9,002
Other (1)	Other	**30,999**	29,511
Goodwill		**661,883**	589,782

(1) Carrying amount of goodwill for various CGUs of which none is individually significant.

For the purpose of impairment testing, goodwill is allocated to the Group's operating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGU's are, through calculation methods consistent with past practice, determined from value-in-use calculations. These value-in-use calculations use 5 year free cash flow projections taking into account past performance and starting from 2015 budget information.

Assumptions were made for each CGU and generally imply growth not exceeding 2 percent per year and operating performance stable vs. the 2015 budget. When appropriate, deviations from such general assumptions were made for specific CGU's units to deal with specific circumstances applying to such units. Due to the specific situation of the CGU's in Latin America and Asia, the projections were not based on the above mentioned general assumptions but were individualized and based on the local market prospects of each CGU.

The terminal value is based on the normalized cash flows at the end of the last projected period for each business and a sustainable nominal growth rate (including the expected inflation rate) of on average 2% for most industrialized countries, 3% for Australia and 3.5% for Latin American and Asian countries to reflect the higher growth prospects for the latter. The cash flows are discounted at the average weighted cost of capital. Depending on the countries involved, the pretax weighted average cost of capital ranged between 8.5% and 15%. The cost of equity component for developed economies is based on a risk free rate and an equity risk premium. For emerging economies, a country risk premium is added. The cost of debt component for both types of economies reflects the estimated long term cost of funding in the corresponding economies.

Based on the above mentioned test no impairments of goodwill have been recorded.

The results of the impairment test are sensitive to the assumptions used. An increase of 1% in the weighted average cost of capital would have resulted in a number of impairment losses, which, in aggregate, would amount to € 14.6 million. This risk is predominately related to Chile.

14. Property, plant and equipment

(in € thousand)	Land & buildings	Plant, machinery & equipment	Other	Under construction & advance payments	2014 Total	2013 Total
Cost or deemed cost						
As at 1 January	496,277	1,174,173	97,673	87,546	1,855,669	1,813,674
Changes in the consolidation scope	50,559	47,596	599	1,594	100,348	41,178
- Acquistions	*50,559*	*47,596*	*599*	*1,594*	*100,348*	*41,178*
Acquisitions	15,134	29,008	5,077	87,271	136,490	132,160
Disposals & retirements	(1,509)	(27,687)	(3,758)	(3,584)	(36,538)	(34,718)
Transfers	10,325	51,442	1,961	(78,410)	(14,682)	(2,985)
Exchange difference	11,045	32,453	3,720	3,066	50,284	(93,641)
As at 31 December	581,831	1,306,985	105,272	97,484	2,091,572	1,855,669
Depreciation and impairment losses						
As at 1 January	(177,119)	(922,762)	(80,301)	-	(1,180,181)	(1,180,930)
Changes in the consolidation scope	-	(95)	(323)	-	(418)	(9,613)
- Acquistions	*-*	*(95)*	*(323)*	*-*	*(418)*	*(9,613)*
Charge for the period	(15,737)	(58,397)	(6,757)	(1)	(80,891)	(77,816)
- Depreciation	*(15,122)*	*(57,767)*	*(6,757)*	*-*	*(79,646)*	*(75,929)*
- Impairment (recognized) / reversed	*(614)*	*(630)*	*0*	*(1)*	*(1,245)*	*(1,887)*
Disposals & retirements	557	26,030	3,491	-	30,078	30,091
Transfers	3,233	2,598	348	-	6,179	3,143
Exchange difference	(3,839)	(24,522)	(2,929)	-	(31,291)	54,945
As at 31 December	(192,904)	(977,148)	(86,470)	(1)	(1,256,523)	(1,180,181)
Carrying amount at the end of the period	388,927	329,837	18,802	97,483	835,049	675,488
Carrying amount at the end of the previous period	319,158	253,166	17,372	85,792	675,488	632,744
Of which:						
Leased assets at the end of the period	2,798	267	993	51	4,108	3,959
Leased assets at the end of the previous period	2,919	-	698	342	3,959	4,383

Management considers that residual values of depreciable property, plant and equipment are insignificant.
The total acquisition of property, plant and equipments excl. leasing amounts to € 136.0 million.
Leased assets principally consist of buildings and machinery. During 2014, new leased assets were acquired for a total amount of € 0.5 million (2013: € 0.7 million).

15. Investment properties

(in € thousand)	2014	2013
Cost		
As at 1 January	22,488	22,818
Disposals & retirements	(2,563)	-
Exchange difference	649	(330)
As at 31 December	20,574	22,488
Depreciation and impairment losses		
As at 1 January	(7,462)	(6,926)
Charge for the period	(612)	(646)
- Depreciation	*(612)*	*(646)*
Disposals & retirements	498	-
Exchange difference	(292)	109
As at 31 December	(7,869)	(7,462)
Carrying amount as at 31 December	12,705	15,025

Investment property comprises 4 commercial properties which are leased (in whole or in part) to third parties. The fair market value, based on external valuation report, of those investment properties is estimated at € 25.8 million (2013: € 27.5 million).

16. Inventories

As at 31 December (in € thousand)	2014	2013
Raw materials, packaging materials and consumables	113,028	104,853
Components	40,822	41,106
Work in progress	15,736	16,639
Finished goods	313,762	264,703
Goods purchased for resale	58,161	55,289
Inventories, net of write-down	541,509	482,590

The total write-down of inventories amounts to € 37.9 million at 31 December 2014 (2013: € 34.4 million). The cost of write-downs recognized in profit or loss (Cost of sales) during the period amounted to € 9.6 million (2013: € 8.1 million).

17. Amounts receivable

As at 31 December (in € thousand)	Notes	2014	2013
Trade receivables - gross	26	362,515	301,121
Impairment losses	26	(16,096)	(16,394)
Trade receivables		346,419	284,727
Taxes (other than income tax) receivable		24,568	20,936
Other		22,686	19,983
Other amounts receivable		47,253	40,918
Amounts receivable		393,672	325,646

Information about the Group exposure to credit market risk and impairment losses on amounts receivable is included in Note 26.

18. Cash and cash equivalents

As at 31 December (in € thousand)	2014	2013
Short term bank deposits	10,591	12,532
Bank balances	98,810	60,955
Cash	808	1,553
Cash & cash equivalents	110,208	75,040
Bank overdrafts	(24,374)	(10,145)
Cash & cash equivalents in the statement of cash flows	85,834	64,895

19. Equity

Share capital and share premium

The share capital and share premium of the Company as of 31 December 2014 amount to € 76.0 million (2013: € 76.0 million), represented by 91,135,065, fully paid ordinary shares without par value (2013: 91,135,065).
The holders of ordinary shares are entitled to receive dividends as declared and have one vote per share at shareholders' meetings of the Company.

Hedging reserve

The hedging reserve comprises the effective portion of the accumulated net change in the fair value of cash flow hedge instruments for a total negative amount of € 10.2 million (2013: € 9.2 million). In this respect, see also Note 26. Net of tax, the hedging reserve amounts to € 5.9 million.

Reserve for own shares

At 31 December 2014, the Group held 11,024,568 of the Company's shares (2013: 11,028,568).
During 2014, Group personnel exercised 61,500 share options related to the 2005 share option plan, 67,500 share options related to the 2006 share option plan, 38,000 share options related to the 2009 share options plan and 193,000 share options related to the 2010 share options plan granted by the Group (see Note 22c).

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign entities of the Group as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation and the translation impacts resulting from net investment hedges. The positive change in the translation reserve during 2014 amounts to € 55.8 million and is mainly attributable to the strengthening of the CAD, USD and INR versus the EUR.
In 2013, the negative change in the translation reserve amounted to € 92.5 million.

Dividends

In 2014, an amount of € 32.8 million was declared and paid as dividends by Aliaxis (a gross dividend of € 0.36 per share). Excluding the portion attributable to treasury shares, the amount was € 28.8 million.
An amount of € 36.5 million (a gross dividend of € 0.40per share) is proposed by the directors to be declared and paid as dividend for the current year. Excluding the portion attributable to treasury shares, the amount is € 32.0 million. This dividend has not been provided for.

20. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of Aliaxis of € 100.6 million (2013: € 108.3 million) and the weighted average number of ordinary shares outstanding during the year net of treasury shares, calculated as follows:

Weighted average number of ordinary shares, net of treasury shares

(in thousands of shares)	2014	2013
Issued ordinary shares	91,135	91,135
Treasury shares	(11,029)	(11,029)
Issued ordinary shares at 1 January, net of treasury shares	80,106	80,106
Effect of treasury shares sold / (acquired) during the period	3	-
Weighted average number of ordinary shares at 31 December, net of treasury shares	80,109	80,106

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of Aliaxis of € 100.6 million (2013: € 108.3 million) and the weighted average number of ordinary shares outstanding during the year net of treasury shares and after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted), net of treasury shares

(in thousands of shares)	2014	2013
Weighted average number of ordinary shares, net of treasury shares (basic)	80,109	80,106
Effect of share options	502	644
Weighted average number of ordinary shares at 31 December (diluted), net of treasury shares	80,611	80,750

21. Loans and borrowings

As at 31 December (in € thousand)	2014	2013
Non-current		
Secured bank loans	39,032	42,055
Unsecured bank loans	351,422	80,728
US private placements	214,150	188,529
Deferred arrangement fees	(751)	(2,064)
Finance lease liabilities	4,111	4,080
Non-current loans and borrowings	607,965	313,326
Current		
Secured bank loans	42,082	40,425
Unsecured bank loans	62,697	60,814
Deferred arrangement fees	(1,314)	(1,314)
Finance lease liabilities	615	543
Other loans and borrowings	2	25,000
Current loans and borrowings	104,082	125,469
Loans and borrowings	712,047	438,795

In July 2011, the Group entered into the US Private Placement (USPP) market by issuing notes for a total amount of USD 260 million in 3 tranches:

- USD 37 million at 4.26% maturing in 2018
- USD 111 million at 4.94% maturing in 2021
- USD 112 million at 5.09% maturing in 2023

This USPP program is unsecured and subject to standard covenants and undertakings for this type of financing. Subsequently, the Group entered for USD 223 million into cross currency swaps in order to maintain a diversified source of funding in terms of maturities, currencies and interest rates.
Simultaneously, the Group refinanced its syndicated bank debt by entering into a 5 year committed multi-currency revolving credit facility of € 650 million between Aliaxis Finance/Aliaxis North America and a syndicate of banks. This syndicated loan is unsecured and subject to standard covenants and undertakings for this type of facility. The borrowing rate is based on a short-term interest rate plus margin.

The management of interest rate risk is described in Note 26.
At 31 December 2014, € 341 million of the syndicated facility was drawn (2013: € 74 million).
In February 2012, Aliaxis S.A. subscribed a bank facility of € 75 million to capitalize one of its direct subsidiaries (Société Financière du Val d'Or) and pledged 17% of the shares in Aliaxis Group S.A.
Other facilities of Aliaxis Finance S.A. and other subsidiaries of the Group include a number of additional bilateral and multilateral credit facilities.

The terms and conditions of significant loans and borrowings were as follows:

As at 31 December (in € thousand)	Curr.	Nominal interest rate	Year of maturity	2014 Face value	2014 Carrying amount	2013 Face value	2013 Carrying amount
Secured bank loans							
	EUR	Euribor + margins	2015-2016	38,600	38,600	57,350	57,350
	CZK	2%	2014	-	-	268	268
	USD	4%	2018	6,927	6,927	1,813	1,813
	INR	11.08%	2014-2018	35,587	35,587	23,049	23,049
Unsecured syndication bank facility							
	CAD	Interbank + 0.75%	2016	7,111	7,111	6,816	6,816
	EUR	Euribor + 0.75%	2016	158,000	158,000	40,000	40,000
	AUD	Interbank + 0.75%	2016	147,009	147,009	-	-
	NZD	Interbank + 0.75%	2016	28,986	28,986	26,846	26,846
Other unsecured bank facility							
	ARS	15.25%-20.50%	2015-2017	2,369	2,369	1,668	1,668
	HNL	15.5%	2017-2019	1,920	1,920	839	839
	COP	7.08%-10.40%	2014	3,559	3,559	2,888	2,888
	GTQ	7.5%	2015	949	949	1,271	1,271
	BRL	13.1%	2015	885	885	1,009	1,009
	CLP	5%	2015	20,539	20,539	16,027	16,027
	MXN	5.03%	2015	15,763	15,763	9,768	9,768
	PEN	4%-5%	2015	15,066	15,066	10,762	10,762
	USD	various	2014-2017	3,882	3,882	5,297	5,297
	MYR	5%	2018-2020	5,762	5,762	-	-
	PLN	6%	2015	39	39	415	415
	EUR	Euribor + margins	2015	2,281	2,281	17,935	17,935
Unsecured bonds issues							
	EUR	TMOP 6m	2014	-	-	25,000	25,000
US private placements							
	USD	4.26%	2018	30,475	30,475	26,829	26,829
	USD	4,94%	2021	91,426	91,426	80,487	80,487
	USD	5.09%	2023	92,249	92,249	81,212	81,212
Others (1)				2,664	2,664	1,244	1,244
Total loans and borrowings				712,047	712,047	438,795	438,795

(1) Other interest-bearing loans and borrowings include loans, finance lease liabilities and deferred arrangement fees in many different currencies at both fixed and floating rates.

The debt repayment schedule is as follows:

(in € thousand)	Total	1 year or less	1-2 years	2-5 years	> 5 years
Secured bank loans	**81,114**	42,082	26,918	12,114	-
Unsecured bank loans	**414,119**	62,697	344,172	7,251	-
US private placements	**214,150**	-	-	30,475	183,675
Deferred arrangement fees	**(2,064)**	(1,314)	(657)	(94)	-
Finance lease liabilities	**4,726**	615	540	1,102	2,468
Other loans and borrowings	**2**	2	-	-	-
Total as at 31 December 2014	**712,047**	104,082	370,973	50,849	186,143

The finance lease liabilities are as follows:

			2014			**2013**
(in € thousand)	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than 1 year	**829**	**214**	**615**	752	209	543
Between 1 and 5 years	**2,300**	**657**	**1,643**	2,160	679	1,481
More than 5 years	**3,163**	**694**	**2,468**	3,376	776	2,599
Total as at 31 December	**6,291**	**1,566**	**4,726**	6,287	1,665	4,622

22. Employee benefits

Aliaxis maintains benefit plans such as retirement and medical care plans, termination plans and other long term benefit plans in several countries in which the Group operates. In addition, the Group also has share-based payment plans and a long term incentive scheme.

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and the company. Aliaxis maintains funded and unfunded pension plans.

(a) Defined contribution plans

For defined contribution plans, the Group companies pay contributions to pension funds or insurance companies.

Once the contributions have been paid, the Group companies have no further payment obligation. The regular contributions constitute an expense for the period in which they are due. In 2014, the defined contribution plan expenses for the Group amounted to € 15.1 million (2013: € 15.2 million).

(b) Defined benefit plans

Aliaxis reports on a total of 71 defined benefit plans over 2014, which provide the following benefits:

Retirement benefits:	48
Long service awards:	16
Termination benefits:	3
Medical benefits:	4

All the plans have been established in accordance with common practice and legal requirements in each relevant country.

The retirement defined benefit plans generally provide a benefit related to years of service and rates of pay close to retirement.

The retirement benefit plans in Australia, Belgium, India, Switzerland and the UK are separately funded through external insurance contracts or pension funds legally separate from the Group. There are both funded and unfunded plans in Canada, Germany and France. The funding requirements are stipulated in the insurance contract or, in the case of pension funds, based on the pension fund's actuarial measurement framework set out in the funding policies of the plan, and comply with the local minimum funding requirements. For one plan in Canada a recovery contribution plan is in place in order to attain the minimum funding requirements.

The retirement benefit plans in Italy, Austria, New Zealand and US are unfunded.
The termination benefit plans consist of early retirement plans in Germany.
The medical plans provide medical benefits after retirement to former employees in France, South Africa, the US and the UK.
The long service awards are granted in Australia, Austria, Germany, India, New Zealand and France.
These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.
The Group has more than one defined benefit plan in place and has generally provided aggregated disclosures in respect of these plans, on the basis that these plans are not exposed to materially different risks.
The Group's net liability for retirement, medical, termination and other long term benefit plans comprises the following at 31 December:

			2014			2013
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
Defined benefit obligations for funded plans	283,344	-	283,344	235,045	-	235,045
Fair value of plan assets	(303,556)	-	(303,556)	(255,150)	-	(255,150)
Funded status for funded plans	(20,212)	-	(20,212)	(20,105)	-	(20,105)
Defined benefit obligations for unfunded plans	58,199	11,795	69,995	51,786	5,542	57,328
Total funded status at 31 December	37,987	11,795	49,783	31,681	5,542	37,223
Irrecoverable asset at end of year	51	-	51	2,151	-	2,151
Net liability as at 31 December	38,039	11,795	49,834	33,832	5,542	39,374
Liabilities	75,347	11,795	87,142	66,788	5,542	72,330
Assets	(37,308)	-	(37,308)	(32,956)	-	(32,956)
Net liability as at 31 December	38,039	11,795	49,834	33,832	5,542	39,374
Current liabilities	15,480	893	16,373	11,859	779	12,638
Non-current liabilities	22,559	10,902	33,461	21,973	4,763	26,736

The movements in the net liability for defined benefit obligations recognized in the statement of financial position at 31 December are as follows:

			2014			2013
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
As at 1 January	33,829	5,542	39,371	15,808	6,122	21,930
Change in accounting policy: adjustment to retained earnings	-	-	-	43,741	-	43,741
Net liability at 1 January after adjustment for IAS19 Revised	33,829	5,542	39,371	59,549	6,122	65,671
Employer contributions	(7,400)	(900)	(8,300)	(5,291)	(866)	(6,157)
Expense recognized in the income statement	4,081	810	4,890	4,978	270	5,249
Transfer between accounts	-	2,016	2,016	-	-	-
Amount recognized in other comprehensive income	8,966	-	8,966	(23,307)	-	(23,307)
Scope change	139	4,376	4,515	(19)	79	61
Exchange difference	(1,576)	(48)	(1,624)	(2,078)	(63)	(2,141)
As at 31 December	38,039	11,795	49,834	33,832	5,542	39,374

The changes in the present value of the defined benefit obligations are as follows:

(in € thousand)	2014 Retirement and medical plans	2014 Termination benefits & other long term benefits	2014 TOTAL	2013 Retirement and medical plans	2013 Termination benefits & other long term benefits	2013 TOTAL
As at 1 January	286,831	5,542	292,373	299,265	6,122	305,387
IAS8 impact due to the adoption of the revised IAS19 standard	-	-	-	387	-	387
Current service cost	3,003	328	3,331	3,067	348	3,415
Employee contributions	311	-	311	306	-	306
Interest cost	11,370	163	11,533	11,018	150	11,168
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions	37,184	296	37,480	3,235	(148)	3,087
Actuarial (gains)/losses on liabilities arising from changes in demographic assumptions	(281)	-	(281)	(12,449)	9	(12,440)
Actuarial (gains)/losses on liabilities arising from experience	540	23	563	(894)	(137)	(1,031)
Past service cost (incl. curtailment)	-	-	-	(8)	48	40
Acquisitions	8,905	4,376	13,281	111	79	191
Transfers	-	2,016	2,016	-	-	-
Benefits paid	(21,009)	(900)	(21,909)	(9,756)	(866)	(10,622)
Exchange difference	14,689	(48)	14,640	(7,452)	(63)	(7,515)
As at 31 December	341,544	11,795	353,339	286,831	5,542	292,373

The changes in the fair value of plan assets are as follows:

(in € thousand)	2014 Retirement and medical plans	2014 Termination benefits & other long term benefits	2014 TOTAL	2013 Retirement and medical plans	2013 Termination benefits & other long term benefits	2013 TOTAL
As at 1 January	(255,150)	-	(255,150)	(240,135)	-	(240,135)
Interest income	(10,885)	-	(10,885)	(9,483)	-	(9,483)
Employer contributions	(7,400)	(900)	(8,300)	(5,291)	(866)	(6,157)
Employee contributions	(311)	-	(311)	(307)	-	(307)
Benefits paid (direct & indirect, including taxes on contributions paid)	21,009	900	21,909	9,756	866	10,622
Return on assets, excl. interest income	(26,297)	-	(26,297)	(15,442)	-	(15,442)
Acquisitions	(8,766)	-	(8,766)	(130)	-	(130)
Actual administration expenses	517	-	517	383	-	383
Exchange difference	(16,272)	-	(16,272)	5,499	-	5,499
As at 31 December	(303,556)	-	(303,556)	(255,150)	-	(255,150)

The actual return on plan assets in 2014 and 2013 was € 37.2 million and € 24.9. million respectively. In 2014, the higher return is mainly due to the UK plans. During 2014, the defined benefit obligation increased. This increase is mainly due to the decrease in the discount rate. The effect was increased by the fact that the plans are one year older (one additional year of service to cover). The acquisition of Vinidex in Australia increased both assets and defined benefit obligation.

The total contributions amounted to € 8.6 million (2013: € 6.5 million) of which € 8.3 million was contributed by the employer (2013: € 6.2 million) and € 0.3 million was contributed by the employees (2013: € 0.3 million). Furthermore a total of € 21.9 million benefits were paid out (2013: € 10.6 million).
As a result, the funded position, i.e. the ratio of assets to the defined benefit obligation, has decreased from 87% to 86%.

The net defined benefit liability has increased during the year from € 39.4 million to € 49.8 million. This increase is essentially due to the lower discount rate, partially offset by a higher return on assets. The impact is recognized immediately in other comprehensive income.

The Group expects to contribute approximately € 7.1 million to its defined benefit plans in 2015.

	2015		
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
Expected employer contributions	6,208	893	7,101
Expected employee contributions	320	-	320
Expected benefits paid (direct & indirect)	15,480	893	16,373

The expense (income) recognized in the statement of comprehensive income with regard to defined benefit plans can be detailed as follows:

	2014			2013		
(in € thousand)	Retirement and medical plans	Other long term benefits	TOTAL	Retirement and medical plans	Other long term benefits	TOTAL
Service cost:						
Current service cost	3,003	328	3,331	3,067	348	3,415
Past service cost (incl. curtailments)	-	-	-	(8)	48	40
Administration expenses	517	-	517	383	-	383
Net interest cost:						
Interest cost	11,370	163	11,533	11,018	150	11,168
Interest income	(10,885)	-	(10,885)	(9,483)	-	(9,483)
Interest on asset ceiling	76	-	76	1	-	1
Remeasurements						
Actuarial (gains)/losses due to changes in financial assumptions	-	296	296	-	(148)	(148)
Actuarial (gains)/losses due to changes in demographic assumptions	-	-	-	-	9	9
Actuarial (gains)/losses due to experience	-	23	23	-	(137)	(137)
Pension expense recognized in profit and loss	4,081	810	4,890	4,978	270	5,249
Remeasurements in other comprehensive income						
Return on plan assets (in excess of)/below that recognized in net interest	(26,297)	-	(26,297)	(15,442)	-	(15,442)
Actuarial (gains)/losses due to changes in financial assumptions	37,184	-	37,184	3,235	-	3,235
Actuarial (gains)/losses due to changes in demographic assumptions	(281)	-	(281)	(12,449)	-	(12,449)
Actuarial (gains)/losses due to experience	540	-	540	(894)	-	(894)
Adjustments due to the limit in paragraph 64, excl. amounts recognized in net interest	(2,180)	-	(2,180)	2,243	-	2,243
Total amount recognized in other comprehensive income	8,966	-	8,966	(23,307)	-	(23,307)
Total amount recognized in profit and loss and other comprehensive income	13,047	810	13,856	(18,329)	270	(18,059)

There is a pension plan in Belgium legally structured as defined contribution plan. Because of the Belgian social legislation applicable, all Belgian defined contribution plans are considered under IFRS as defined benefit plan because the employer must guarantee a minimum return on employee and employer contributions. The pension expense related to these defined contribution plans amounts to € 0.7 million. Because of this, the Group is exposed to a financial risk (legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits).
The plan is insured at an insurance company. The insurance company guarantees a minimum rate of return on the contributions paid. However, the minimum guaranteed rates have dropped significantly the last years and are currently below the social minimum return borne by the employer on the contributions (according to article 24 of the Law of 28 April 2003 on occupational pensions, the Group has to guarantee an average minimum return of 3.75% on employee contributions and of 3.25% on employer contributions). The financial risk has therefore increased. However, it is likely that the social minimum return will also be decreased in the future, which will then reduce again the employer's financial risk.
The IFRS valuation and accounting of this kind of plan with contribution-based promises are not envisaged by IAS 19. The Group considers that a method based on the IAS 19 methodology ("Projected unit credit" method used for defined benefit plan) is not appropriate to measure the liability in the Belgian context. The Group has therefore decided to apply an alternative method (intrinsic value approach) until the IASB issues a final statement. This method consists in calculating the potential liability to be recognized in the statement of financial position as the sum of any individual differences between the mathematical reserves (calculated by capitalizing the past contributions at the technical interest rate applied by the insurance company, taking profit-sharing into account) and the minimum guarantee as determined by the Belgian law applicable (calculated by applying the minimum return on the contributions paid). The contributions are not projected to calculate the defined benefit obligation.

At year-end, the estimated potential impact is considered as not significant at group level and no liability has therefore been recognized.

The employee benefit expense is included in the following line items of the statement of comprehensive income:

(in € thousand)	2014	2013
Cost of sales	2,076	2,020
Commercial expenses	870	950
Administrative expenses	1,795	2,144
R&D expenses	75	71
Other operating income / (expenses)	74	64
Total	4,890	5,249

The principal actuarial assumptions at the reporting date (expressed as weighted averages) can be summarized as follows:

	2014	2013
Discount rate as at 31 December	3.05%	3.88%
Rate of salary increases	2.72%	2.73%
Inflation	2.60%	2.94%
Initial medical trend rate	7.52%	4.74%
Ultimate medical trend rate	4.00%	4.39%
Pension increase rate	2.26%	2.37%

The discount rate and the salary increase rate have been weighted by the defined benefit obligation. The medical trend rate has been weighted by the defined benefit obligation of those plans paying pensions rather than by lump sums on retirement. At 31 December, the plan assets are broken down into the following categories according to the asset portfolios weighted by the amount of assets:

	2014	2013
Government bonds	42.59%	28.65%
Corporate bonds	19.34%	10.20%
Equity instruments	30.25%	48.32%
Insurance contracts	6.42%	12.60%
Property	0.90%	-
Cash	0.51%	0.24%
	100.00%	100.00%

The plan assets do not include investments in the Group's own shares or in property occupied by the Group. The weighted average duration of the defined benefit obligation (this is the average term of the benefit payments weighted for their size) is 18,5 years.

At 31 December, the weighted average life expectancy is as follow:

	Man	Woman
Of a 65-year old	21.6	24.2
Of a 45-year old at the age of retirement	23.6	26.1

The total defined benefit obligation amounts to € 353.3 million and can be split as follows between active members, members with deferred benefit entitlements and pensioners:

	2014			2013		
(in € thousand)	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL	Retirement and medical plans	Termination benefits & other long term benefits	TOTAL
Active members	76,598	11,795	88,393	67,162	5,542	72,704
Members with deferred benefit entitlements	140,004	-	140,004	117,065	-	117,065
Pensioners/Beneficiaries	124,438	-	124,438	102,257	-	102,257
Taxes relating to past service benefits	504	-	504	347	-	347
As at 31 December	341,544	11,795	353,339	286,831	5,542	292,373

A 25 percentage point change in the assumed discount rate and inflation rate would have the following effect on the defined benefit obligation:

(in € thousand)	2014	2013
Current defined benefit obligation at 31 December	353,339	292,373
% increase following a 0,25% decrease in the discount rate	4.75%	5.42%
% decrease following a 0,25% increase in the discount rate	-4.44%	-4.95%
% change following a 0,25% decrease in the inflation rate	2.69%	2.16%

The defined benefit obligation of post-employment medical plans amounts to € 2.6 million. A one percentage point increase or decrease in the assumed health-care trend (i.e. medical inflation) rate would have the following effect:

(in € thousand)	2014	2013
Current defined benefit obligation at 31 December for Post Retirement Medical Plans	2,616	2,130
Effect on the aggregate of the service cost and the interest cost of a 1% increase	1	1
Effect on the defined benefit obligation of a 1% increase	26	27
Effect on the aggregate of the service cost and the interest cost of a 1% decrease	(1)	(1)
Effect on the defined benefit obligation of a 1% decrease	(24)	(25)

For plans where a full valuation has been performed, the sensitivity information shown above is exact and based on the results of this full valuation. For plans where results have been roll forwarded from the last full actuarial valuation, the sensitivity information above is approximate and takes into account the duration of the liabilities and the overall profile of the plan membership.

(c) Share-based payments

On 23 June 2004, Aliaxis approved a share option program entitling key management personnel and senior employees to purchase shares of the Company and authorizing the issuance of up to 3,250,000 options to be granted annually over a period of 5 years. Five Stock Option Plans were accordingly granted on 5 July 2004 (SOP 2004), 4 July 2005 (SOP 2005), 3 July 2006 (SOP 2006), 4 July 2007 (SOP 2007) and 8 July 2008 (SOP 2008) respectively.

One share option gives the beneficiary the right to buy one ordinary share of the Company. The vesting period is four years after the grant date, and the options can be exercised subsequently during a period of three years with one exercise period per year. Options are to be settled by the physical delivery of shares using the treasury shares held by Aliaxis (see Note 19).

Each beneficiary is also granted a put option, as long as the Group remains unlisted, whereby Aliaxis shares acquired under these plans can be sold back to the Group at a price to be determined at each put exercise period. The put exercise periods run in parallel with the exercise periods of each plan.

At each grant/exercise date, Aliaxis determines the fair value of the shares by applying market multiples derived from a representative sample of listed companies to its last annual financial performance.

During 2014, 61,500 share options were exercised regarding to the Share Option Plan 2005 and 67,500 share options were exercised regarding the Share Option Plan 2006.

On 23 April 2009, Aliaxis decided to propose to all share option holders under the Aliaxis share option plans 2005 to 2008, that the exercise period under these plans be extended for three years, as permitted by an amendment to the law of 26 March 1999.

The exercise period of the SOP 2005 to 2008 has consequently been extended by 3 years for the holders who agreed to the proposed extension.

On 24 June 2009, Aliaxis approved a new share option program on the same basis as the previous share option scheme but limited to Group Senior Executives. Options will be available for granting over a maximum of 5 years. Five Stock Option Plans were accordingly granted on 7 July 2009 (SOP 2009), 6 July 2010 (SOP 2010), 4 July 2011 (SOP 2011), 5 July 2012 (SOP 2012) and 8 July 2013 (SOP 2013).

In June 2014, the Share Option Plans 2010 reached their four year vesting periods and 193,000 share options were exercised by the beneficiaries. At the same time Group personnel also exercised 38,000 share options related to the 2009 share option plan.

No new Stock Option Plan was granted during 2014. The total value of the share options exercised in 2014 at exercise or call price amounts to € 5.3 million. Their value at put price amounts to € 8.1 million.

Details of these stock option plans are as follows:

	Date granted	Exercise price (in €)	Number of share options Granted	Exercised	Forfeited	Outstanding	Exercise periods 1 June - 20 June
SOP 2004	05.07.2004	9.19	647,500	631,030	16,470	-	2008 - 2011
SOP 2005	04.07.2005	12.08	617,000	566,090	30,410	20,500	2009 - 2015
SOP 2006	03.07.2006	18.35	594,000	431,286	80,214	82,500	2010 - 2016
SOP 2007	04.07.2007	26.82	610,000	8,000	137,500	464,500	2011 - 2017
SOP 2008	08.07.2008	16.25	557,250	-	108,000	449,250	2012 - 2018
SOP 2009	07.07.2009	12.93	266,000	121,000	-	145,000	2013 - 2016 (*)
SOP 2010	06.07.2010	14.74	253,000	193,000	-	60,000	2014 - 2017 (*)
SOP 2011	04.07.2011	20.15	133,000	-	-	133,000	2015 - 2018 (*)
SOP 2012	05.07.2012	14.50	138,000	-	-	138,000	2016 - 2019 (*)
SOP 2013	08.07.2013	25.39	195,000	-	-	195,000	2017 - 2020 (*)
			4,010,750	1,950,406	372,594	1,687,750	

(*) from 1 June - 30 June

The number and weighted average exercise price of share options are as follows:

	2014 Number of share options	2014 Weighted average exercise price per option (in €)	2013 Number of share options	2013 Weighted average exercise price per option (in €)
Outstanding as at 1 January	**2,109,250**	**19.23**	2,570,077	18.30
Movements of the period:				
Options granted	**-**	**-**	195,000	25.39
Options exercised	**360,000**	**14.77**	531,786	16.45
Options forfeited	**61,500**	**21.58**	124,041	21.67
Outstanding as at 31 December	**1,687,750**	**20.09**	2,109,250	19.23
Exercisable as at 31 December	**1,221,750**	**19.87**	1,390,250	17.86

The fair value of the services received in return for share options granted is based on the fair value of share options granted, measured using the Black & Scholes valuation model, with the following assumptions:

Fair value and assumptions	SOP 2013	SOP 2012	SOP 2011	SOP 2010	SOP 2009	SOP 2008	SOP 2007	SOP 2006	SOP 2005
Fair value at grant date (in € per option)	4.21	2.08	4.05	2.59	2.41	4.02	7.13	4.39	2.39
Share price (in €)	25.39	14.50	20.15	14.74	12.93	16.25	26.82	18.35	12.08
Exercise price (in €)	25.39	14.50	20.15	14.74	12.93	16.25	26.82	18.35	12.08
Expected volatility (in %)	20.00	20.00	20.00	20.00	20.00	20.00	20.00	21.00	21.00
Expected option average life (in years)	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Expected dividends (in €)	0.25	0.23	0.20	0.18	0.17	0.16	0.14	0.12	0.11
Risk-free interest rate (in %)	1.19	1.13	2.86	2.12	2.82	4.89	4.84	4.08	2.76

The expected volatility percentage is based on the historical volatility which is observed for comparable companies in Belgium. Expected dividends take into account a 11% growth of the dividends paid during the year. The risk-free interest rate is based on the swap euro interest rate corresponding to the expected options' average life. The vesting expectations are based on historical data of key management personnel turnover. Personnel expenses for share-based payments recorded in the statement of comprehensive income (see Note 9) are as follows:

(in € thousand)	2014	2013
SOP 2009	-	80
SOP 2010	82	164
SOP 2011	135	135
SOP 2012	72	79
SOP 2013	205	90
Share-based payments related expense	494	548

(d) Long term incentive scheme

In addition to the plans granted in 2009, 2010, 2011, 2012 and 2013 the Board of Directors gave approval to run another cycle of the Long Term Incentive Cash Plan (LTICP) targeted at a selected number of key management personnel and senior managers.
The plan provides for a cash payment as a percentage of fixed salary on the achievement of certain financial targets set over a three year performance cycle.
In total, 120 people were granted benefits under the new plan and on the basis that all the financial targets are achieved, this would lead to payments at the end of the 3 year cycle of € 4.2 million, representing 21% of participants 2014 fixed salaries.
The provision for LTICP recorded in the statement of financial position as at 31 December 2014 amounts to € 7.5 million.

23. Deferred tax assets and liabilities

The change in deferred tax assets and liabilities is as follows:

		Assets		Liabilities		Net	
(in € thousand)	Notes	2014	2013	2014	2013	2014	2013
As at 1 January		67,129	61,598	(122,812)	(79,719)	(55,683)	(18,121)
Recognized in profit or loss		4,398	7,553	(2,131)	(2,897)	2,267	4,656
Recognized directly in OCI		4,616	375	(519)	(4,440)	4,096	(4,065)
Scope change	6	3,460	368	(18,344)	(42,344)	(14,885)	(41,976)
Exchange difference		1,210	(2,765)	(6,244)	6,587	(5,034)	3,822
As at 31 December		80,813	67,129	(150,051)	(122,812)	(69,238)	(55,683)

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
(in € thousand)	2014	2013	2014	2013	2014	2013
Intangible assets	2,825	2,500	(64,469)	(42,841)	(61,644)	(40,341)
Property, plant and equipment	6,647	4,610	(53,239)	(48,695)	(46,592)	(44,085)
Inventories	7,851	7,329	(3,159)	(2,544)	4,692	4,785
Post employment benefits	18,942	14,983	(7,618)	(6,815)	11,324	8,168
Provisions	5,829	5,402	(488)	(554)	5,342	4,848
Loans and borrowings	86	138	-	-	86	138
Undistributed earnings	-	-	(374)	(607)	(374)	(607)
Other assets and liabilities	22,199	15,133	(20,703)	(20,755)	1,496	(5,622)
Loss carry forwards	16,432	17,034	-	-	16,432	17,034
Tax assets / (liabilities)	80,813	67,129	(150,051)	(122,812)	(69,238)	(55,683)
Set-off of tax	(56,439)	(45,475)	56,439	45,475	-	-
Net tax assets / (liabilities)	24,374	21,655	(93,612)	(77,337)	(69,238)	(55,683)

Tax losses carried forward on which no deferred tax asset is recognized amount to € 276 million (2013: € 255 million). € 170 million of these tax losses do not have any expiration date. € 106 million will expire at the latest by the end of 2029.

Deferred tax assets have not been recognized on these tax losses available for carry forward because it is not probable that future taxable profits will be available against which these tax losses can be used.

24. Provisions

				2014	2013
(in € thousand)	Product liability	Restructuring	Other	TOTAL	TOTAL
As at 1 January	12,870	8,054	16,830	37,755	39,241
Change in consolidation scope	761	-	3	763	-
Provisions created	6,628	4,050	5,863	16,540	17,959
Provisions used	(3,482)	(4,536)	(6,602)	(14,620)	(13,238)
Provisions reversed	(2,609)	(1,565)	(1,055)	(5,229)	(4,555)
Other movements	(9)	-	-	(9)	(164)
Exchange difference	679	198	382	1,259	(1,488)
As at 31 December	14,837	6,201	15,421	36,460	37,755
Non-current balance at the end of the period	2,802	-	10,860	13,663	15,508
Current balance at the end of the period	12,035	6,201	4,561	22,796	22,248

The product liability provision provides a warranty for the products that the company sells or for the services it delivers.
Provisions included in restructuring mainly relate to programs that are planned and controlled by Management and that generate material changes either in the scope of the business or in the manner of conducting the business. The restructuring costs were expensed as incurred and included in other operating income and expenses and non-recurring items.
Other provisions mainly include long term incentive schemes obligations.

25. Amounts payable

(a) Non-current other amounts payable

As at 31 December (in € thousand)	2014	2013
Put option	104,570	90,005
Other	3,704	3,990
Other amounts payable	108,274	93,995

The Group recorded a debt (put option) to account for a put option that was granted in respect of minority stake in Ashirvad Pipes Pvt. Ltd.
This debt reflects an estimate of the payout by Aliaxis at the earliest exercise of the option by the counterparty (early 2018) discounted back to the balance sheet date. This estimated payout estimate is based on a forecasted return on equity investments made in India. The discount rate used to determine the value of the debt at the balance sheet date reflects an estimate of the cost of funding by Aliaxis.
The calculation of the debt is sensitive to a change in the forecasted return, an increase of which by 1% would increase the debt at the balance sheet date to € 107.5 million. A decrease of the expected return by 1% would decrease the debt at that same date to € 101.7 million.

(b) Current amounts payable

Information about the Group exposure to currency and liquidity risk is included in Note 26.

As at 31 December (in € thousand)	2014	2013
Trade payables	276,648	238,954
Payroll and social security payable	101,007	89,958
Taxes (other than income tax) payable	14,988	9,924
Interest payable	8,266	7,632
Other payables	11,889	15,674
Amounts payable	412,798	362,141

26. Financial instruments

(a) Currency risk

Exposure

Currency risk arises from transactions and financial instruments that are denominated in a currency other than the functional currency in which they are measured.
The Group's most significant exposure to foreign currency risk arises from trade sales and purchases denominated in USD, and from the USD denominated Private Placement.
To mitigate the Group's exposure to foreign exchange currency risk, cross currencies swaps and forward rates agreements are entered into in accordance with the Group's risk policy.

The following table sets out the Group's total exposure to major foreign currency risk, based on notional amounts, and the net FX exposure for those currencies.

As at 31 December (in thousand of currency)	2014				2013			
	EUR	USD	CAD	GBP	EUR	USD	CAD	GBP
Trade and other receivables	9,789	76,441	538	1,946	10,792	77,043	532	1,477
Financial assets	5,093	9,217	10,989	98	2,422	9,633	10,577	2
Trade and other payables	(39,549)	(140,625)	(1,681)	(2,721)	(26,123)	(135,933)	(1,916)	(1,234)
Financial liabilities	(814)	(267,882)	-	(60,264)	(9,746)	(268,187)	(39,000)	(45,646)
Net statement of finance position exposure	(25,480)	(322,849)	9,846	(60,941)	(22,656)	(317,444)	(29,808)	(45,401)
Forward FX contracts	9,298	120,176	-	60,300	1,401	63,330	39,000	45,190
Cross currency interest rate swaps (CCRS)	-	231,410	-	-	-	223,000	-	-
Net exposure	(16,182)	28,736	9,846	(640)	(21,255)	(31,113)	9,192	(211)

Sensitivity analysis

A 10% strengthening of the euro at 31 December against the currencies listed above would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening of the euro against those same currencies would have had the equal but opposite effect.

The exchange impact on the net exposure is reflected in profit or loss as shown in the following table. The exchange impact on Items that are hedge accounting compliant is reflected in equity.

As at 31 December (in thousand of currency)	2014			2013		
	USD	CAD	GBP	USD	CAD	GBP
Equity	2,583	-	1,642	2,274	-	1,534
Profit or loss	(2,152)	636	75	2,051	(570)	23

(b) Credit risk

The carrying amount of financial assets represents the maximum credit exposure.
The maximum exposure to credit risk at the reporting date was:

(in € thousand)	2014	2013
	Carrying amount	
Other non-current assets	19,930	12,909
Current amounts receivable	369,107	304,712
Forward exchange contracts used for hedging	5,358	1,333
CCRS	38,206	10,418
Cash and cash equivalents	110,208	75,040
Total	542,809	404,411

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

(in € thousand)	2014	2013
	Carrying amount	
Eurozone countries	87,093	89,088
United Kingdom	17,339	14,387
United States	37,678	31,801
Canada	12,563	12,384
New Zealand and Australia	67,535	19,975
Latin America	83,856	77,813
Other regions	40,357	39,280
Total	346,419	284,727

The ageing of trade receivables at the reporting date was:

(in € thousand)	2014 Gross	2014 Impairment	2013 Gross	2013 Impairment
Not past due	**242,748**	**448**	196,664	274
Past due 0 - 30 days	**69,367**	**748**	53,663	930
Past due 31 - 90 days	**23,689**	**1,778**	20,863	1,214
Past due 91 - 365 days	**11,380**	**2,110**	14,768	2,870
Past due more than one year	**15,331**	**11,012**	15,164	11,106
Total	**362,515**	**16,096**	301,121	16,394

The movement of impairment in respect of trade receivables during the year was as follows:

(in € thousand)	2014	2013
As at 1 January	**16,394**	15,551
Change in the consolidation scope	**1,976**	346
Recognized	**4,461**	7,011
Used	**(4,077)**	(5,135)
Reversed	**(2,762)**	(818)
Exchange difference	**104**	(561)
Total	**16,096**	16,394

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable, based on historical payment behaviour and analysis of customer credit risk.

(c) Commodity risk

At 31 December 2014, the Group had no outstanding commodity hedging contracts.

(d) Interest rate risk

At the reporting date, around 61% of the financial assets and liabilities in the Group were at floating rate.

Sensitivity to interest rate variations

A change of 25 basis points in interest rates at the reporting date would have increased (respectively decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The analysis was performed on the same basis as in 2013. Due to extremely low interest rates prevailing in markets at the reporting date, a variation of 25 basis points only was assumed (25 basis points in 2013).

	2014				2013			
	Profit or loss		Equity		Profit or loss		Equity	
As at 31 December (in € thousand)	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
Variable rate instruments	**(1,017)**	**1,017**	**-**	**-**	(435)	435	-	-
Interest rate derivatives	**327**	**(327)**	**1,000**	**(958)**	131	(130)	175	(229)
Cash flow sensitivity (net)	**(690)**	**690**	**1,000**	**(958)**	(304)	305	175	(229)

	2014				2013			
	Profit or loss		Equity		Profit or loss		Equity	
As at 31 December (in € thousand)	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
Fixed rate instruments	**1,660**	**(1,693)**	**-**	**-**	1,568	(1,602)	-	-
Interest rate derivatives	**(1,518)**	**1,548**	**(38)**	**39**	(1,443)	1,475	41	(42)
Fair value sensitivity (net)	**142**	**(144)**	**(38)**	**39**	125	(127)	41	(42)

(e) Liquidity risk

The following were the contractual maturities of financial liabilities, including interest payments:

	At 31 December 2014				
(in € thousand)	Carrying amount	Contractual cash flows	1 year or less	1 to 5 years	> 5 years
Non-derivative financial liabilities					
Unsecured bank facilities	(414,119)	(422,800)	(69,017)	(353,783)	-
Secured bank loans	(81,114)	(94,250)	(47,505)	(46,745)	-
US private placement	(214,150)	(287,963)	(10,510)	(79,780)	(197,672)
Other loans and borrowings	(2)	(2)	(2)	-	-
Finance lease liabilities	(4,726)	(4,726)	(615)	(1,643)	(2,468)
Trade and other payables	(412,797)	(412,797)	(412,797)	-	-
Bank overdrafts	(24,374)	(24,374)	(24,374)	-	-
Derivative financial liabilities					
Forward exchange contracts used for hedging	(2,269)	(2,269)	(2,270)	1	-
Swaps or options used for hedging	(10,542)	(11,728)	(2,574)	(7,686)	(1,468)
CCRS - outflows	(2,475)	(203,034)	(5,034)	(32,798)	(165,202)
CCRS - inflows	40,477	260,541	9,362	53,507	197,672
	(1,126,091)	(1,203,402)	(565,336)	(468,928)	(169,138)

	At 31 December 2013				
(in € thousand)	Carrying amount	Contractual cash flows	1 year or less	1 to 5 years	> 5 years
Non-derivative financial liabilities					
Unsecured bank facilities	(141,542)	(144,043)	(63,034)	(81,009)	-
Secured bank loans	(82,480)	(90,483)	(41,044)	(49,439)	-
US private placement	(188,529)	(262,763)	(9,253)	(63,268)	(190,242)
Other loans and borrowings	(25,000)	(25,253)	(25,253)	-	-
Finance lease liabilities	(4,623)	(4,623)	(543)	(1,481)	(2,599)
Trade and other payables	(362,141)	(362,141)	(362,141)	-	-
Bank overdrafts	(10,145)	(10,145)	(10,145)	-	-
Derivative financial liabilities					
Forward exchange contracts used for hedging	(1,134)	(1,134)	(1,134)	-	-
Swaps or options used for hedging	(5,604)	(6,220)	(2,347)	(3,942)	69
CCRS - outflows	(981)	(176,454)	(4,486)	(23,857)	(148,110)
CCRS - inflows	11,399	230,790	8,110	32,439	190,242
	(810,780)	(852,468)	(511,270)	(190,558)	(150,640)

In particular, the following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges, are expected to occur and the fair value of the related instruments:

	At 31 December 2014				
(in € thousand)	Carrying amount	Expected cash flows	1 year or less	1 - 5 years	> 5 years
Interest rate swaps	**(8,008)**	**(8,983)**	**(1,981)**	**(5,652)**	**(1,350)**
CCRS - outflows	**(203)**	**(74,695)**	**(2,426)**	**(17,219)**	**(55,051)**
CCRS - inflows	**10,123**	**92,824**	**3,178**	**22,587**	**67,058**
	1,913	**9,146**	**(1,228)**	**(283)**	**10,657**

	At 31 December 2013				
(in € thousand)	Carrying amount	Expected cash flows	1 year or less	1 - 5 years	> 5 years
Interest rate swaps	(4,482)	(4,974)	(1,765)	(2,905)	(304)
CCRS - outflows	-	(71,380)	(1,827)	(8,335)	(61,217)
CCRS - inflows	831	77,695	2,666	10,663	64,367
	(3,651)	1,342	(926)	(577)	2,845

The following table indicates the periods in which those cash flows are expected to impact profit or loss :

	At 31 December 2014					
(in € thousand)	Carrying amount	Expected cash flows	Already impact in P&L	1 year or less	1 - 5 years	> 5 years
Interest rate swaps	**(8,008)**	**(8,983)**	**-**	**(1,981)**	**(5,652)**	**(1,350)**
CCRS - outflows	**(203)**	**(74,695)**	**-**	**(2,426)**	**(17,219)**	**(55,051)**
CCRS - inflows	**10,123**	**92,824**	**9,489**	**3,178**	**22,587**	**57,570**
	1,913	**9,146**	**9,489**	**(1,228)**	**(283)**	**1,169**

	At 31 December 2013					
(in € thousand)	Carrying amount	Expected cash flows	Already impact in PL	1 year or less	1 - 5 years	> 5 years
Interest rate swaps	(4,482)	(4,974)	-	(1,765)	(2,905)	(304)
CCRS - outflows	-	(71,380)	-	(1,827)	(8,335)	(61,217)
CCRS - inflows	831	77,695	2,371	2,666	10,663	61,996
	(3,651)	1,342	2,371	(926)	(577)	474

(f) Description and fair value of derivatives

The table below provides an overview of the nominal amounts (by maturity) of the derivative financial instruments used to hedge the interest rate risk associated to the interest-bearing loans and borrowings (as presented in Note 21).

Type of derivative financial instrument	Nominal amount 2014			Nominal amount 2013		
(in € thousand)	1 year or less	1 to 5 years	> 5 years	1 year or less	1 to 5 years	> 5 years
Interest rate swaps	**28,986**	**90,652**	**53,443**	-	41,349	52,265
CCRS	**-**	**6,633**	**156,663**	-	-	154,322
FX forward	**259,049**	**90**	**-**	213,257	-	-

The table below presents the positive and negative fair values of derivative financial instruments as reported in the statement of financial position under non-current amounts receivable and non-current amounts payable respectively. Also included are the notional amounts of the derivative financial instruments per maturity as presented in the statement of financial position.

	Fair value				Notional amount				
	Positive		Negative		< 6 months	6 to 12 months	1 to 5 years	> 5 years	Total
(in € thousand)	Current	Non-current	Current	Non-current					
Interest rate swaps	-	-	126	7,882	28,986	-	90,652	25,000	144,638
CCRS	-	10,123	-	203	-	-	6,633	50,000	56,633
Derivatives held as cash flow hedges	-	10,123	126	8,084	28,986	-	97,285	75,000	201,270
CCRS	-	18,122	-	-	-	-	-	60,765	60,765
Derivatives held as fair value hedges	-	18,122	-	-	-	-	-	60,765	60,765
Interest rate swaps	-	-	-	2,480	-	-	-	27,832	27,832
Derivatives held as net investment hedges	-	-	-	2,480	-	-	-	27,832	27,832
CCRS	-	4,546	-	2,273	-	-	-	18,066	18,066
Derivatives held as fair value and net investment hedges	-	4,546	-	2,273	-	-	-	18,066	18,066
CCRS	-	7,686	-	-	-	-	-	27,832	27,832
Derivatives held as cash flow value and net investment hedges	-	7,686	-	-	-	-	-	27,832	27,832
Interest rate swaps	-	-	-	54	-	-	-	612	612
FX derivatives	5,357	1	2,269	-	248,502	10,548	90	-	259,139
Derivatives not qualifying as hedges	5,357	1	2,269	54	248,502	10,548	90	612	259,751
Total	5,357	40,478	2,395	12,892	277,487	10,548	97,375	210,106	595,516
Total current & non-current		45,835		15,287					

Some assets classified as other non-current assets and some finance lease liabilities may have a fair value which differs from their carrying amount. Any such differences are insignificant.
Fair values of all derivatives are based on information given by our counterparts.

(g) Accounting for derivatives

The Group uses derivative instruments to hedge its exposure to foreign exchange and interest rate risks. Whenever possible, the Group applies the following types of hedge accounting:

- Cash flow hedge, for derivative financial instruments with a total notional amount of € 201.3 million (2013: € 116.3 million). The fair value adjustment for the effective portion of those derivatives is recognized directly in Other Comprehensive Income under hedging reserve.

The evolution in the hedging reserve is as follows:

(in € thousand)	2014	2013
As at 1 January	**(6,262)**	(3,608)
Effective portion of changes in fair value of new instruments added	**(1,728)**	(1,039)
Effective portion of changes in fair value of existing instruments	**10,796**	(6,183)
Existing instruments settled	**940**	-
Fair value of cash flow hedges transferred to profit or loss	**57**	373
Deferred tax related to hedges	**1,374**	513
Recycling to income statement of FX impact on CCRS	**(11,059)**	3,682
As at 31 December	**(5,883)**	(6,262)

The fair value adjustment for the ineffective portion of those derivatives is accounted for as a Finance Income or Expense.

- Fair value hedge, for derivative financial instruments with a total notional amount of € 60.8 million (2013: € 60.8 million). The fair value adjustment is recognized as a Finance Income or Expense.
- Net investment hedge for derivative financial instruments with a total notional amount of € 27.8 million (2013: € 26.7 million). The fair value adjustment for the effective portion of those derivatives is recognized directly in Other Comprehensive Income under translation reserve. The fair value adjustment for the ineffective portion of those derivatives is accounted for as a Finance Income or Expense.
- Different combinations of hedge accounting types for derivative financial instruments with a total notional amount of € 45.9 million (2013: € 43.6 million).

The derivative financial instruments which cease to meet the criteria to be eligible for hedge accounting are accounted for as derivatives held-for-trading and the changes in fair value of those instruments are accounted for in profit or loss.

In 2014, the net fair value adjustment through Financial Income or Expense was a gain of € 0.6 million (2013: gain of € 2.2 million).

Following the issuance of the US private placement, the Group entered into several cross currency swaps (CCRS) with external counterparts in order to partially convert the USD denominated cash flows from the USPP into CAD, GBP and EUR, for which hedge accounting has been applied:

- An aggregate nominal amount of USD 110.8 million relate to instruments to which fair value hedge accounting (or a combination with net investment hedge), is applied, with changes in fair value recorded through profit or loss. The hedged item is re measured to fair value with regards to foreign exchange and interest rate risks, with changes in fair value also recorded through profit and loss, in order to offset the fair value changes of the hedging instrument.
- An aggregate nominal amount of USD 112.2 million relate to instruments to which Cash Flow hedge accounting (or a combination with net investment hedge) is applied, with effective portion of change in fair value recorded in equity. The foreign exchange impact is immediately recycled to profit and loss, in order to offset the foreign exchange impact of the debt originating from the US private placement.
- Nominal amounts of CAD 39.1 million and GBP 14.1 million relate to instruments to which net investment hedge is applied. The effective portion of change in fair value is recorded into Other Comprehensive Income.

The table here below summarizes for those CCRS entered with third parties, their respective fair-values with evidence of the foreign exchange (FX) component and interest (Intr.) component, as they arise from the different hedging types being applied.

	Notional			Fair value (€)		
(in € thousand)	USD	Currency	EUR	Total	FX impact	Intr. impact
Fair value hedges	87,775		60,765	18,122	11,531	6,591
Fair value and net investment hedge	23,000	GBP 14,072	18,066	2,273	878	1,395
Cash flow hedges	72,225		50,000	9,829	9,489	341
Cash flow and net investment hedge	40,000	CAD 39,140	27,832	7,686	5,114	2,572
			156,663	37,911	27,012	10,898

(h) Fair value hierarchy

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows :

(in € thousand)	31 December 2014 Carrying amount	Fair value level 1	Fair value level 2	Fair value level 3	31 December 2013 Carrying amount	Fair value level 1	Fair value level 2	Fair value level 3
Cash and cash equivalent	85,834	-	85,834	-	75,040	-	75,040	-
Unsecured bank facilities	(414,119)	-	(414,119)	-	(141,542)	-	(141,542)	-
Secured bank loans	(81,114)	-	(81,114)	-	(82,480)	-	(82,480)	-
US private placement	(214,150)	-	(214,150)	-	(188,529)	-	(188,529)	-
Other loans and borrowings	(2)	-	(2)	-	(25,000)	-	(25,000)	-
Finance lease	(4,726)	-	(4,726)	-	(4,623)	-	(4,623)	-
Trade and other payables	(412,797)	-	(412,797)	-	(362,141)	-	(362,141)	-
Bank overdraft	(24,374)	-	(24,374)	-	(10,145)	-	(10,145)	-
Forward exchange contracts used for hedging	5,358	-	5,358	-	1,333	-	1,333	-
Forward exchange contracts used for hedging	(2,269)	-	(2,269)	-	(1,134)	-	(1,134)	-
Swaps or options used for hedging	(10,542)	-	(10,542)	-	(5,604)	-	(5,604)	-
CCRS - outflows	(2,475)	-	(2,475)	-	(981)	-	(981)	-
CCRS - inflows	40,477	-	40,477	-	11,399	-	11,399	-
	(1,034,899)	-	(1,034,899)	-	(734,408)	-	(734,408)	-

All derivatives are carried at fair value and as per the valuation method being used to determine such fair value, the inputs are based on data observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). As such, the level in the hierarchy into which the fair value measurements are categorized, is level 2.

27. Operating leases

Operating leases mainly relate to land and buildings for € 66.8 million.

(in € thousand)	Cost as a lessee
Expensed in profit or loss	30,727
Committed to:	
Not later than one year	28,637
Later than one year and not later than 5 years	50,914
Later than 5 years	10,439
Total committed	89,989

There are no operating lease contracts that are individually significant.

28. Guarantees, collateral and contractual commitments

As at 31 December (in € thousand)	2014	2013
Commitments secured by real guarantees	93,195	88,901
Contractual commitments to acquire assets	43,930	35,942
Contractual commitments to sell assets	2,014	1,865

29. Contingencies

As is common with many manufacturing and distribution businesses, the Aliaxis companies may, in the ordinary course of their activities, be involved from time to time in legal and administrative proceedings. In cases where the outcome of such proceedings remains unknown, a contingent liability may exist.

Some legal actions were filed in the US and Canada against Group companies in North America referring to allegedly defective plumbing products. Some of these proceedings contemplated class actions in the US and Canada. In March 2011, the Group companies signed a settlement and release with the various plaintiffs representing all settlement class members in the US and Canada. To be enforceable, this settlement, which does not imply any admission of liability, had to be, and has in fact been, finally approved by the Courts in early January 2012.
Despite this settlement, the Group companies in North America are still exposed to residual claims from entities that are not part of the defined settlement class or that opted out of the settlement in the US and Canada. It is anticipated, however, that this residual potential exposure to liability will be covered by the provisions for product liability in the accounts (see Note 24 Provisions) and dealt with in the ordinary course.

In the first quarter of 2015, a Group company in Costa Rica received a provisional tax assessment from the tax authorities relating to the tax year 2009. The total claim including penalties and interest as per the tax notice amounts to EUR 24 million. The company believes that it has very good arguments to challenge the notice and consequently does not believe that this claim needs to be provided for in the accounts.

30. Related parties

Key management compensation

The total remuneration costs of the Board of Directors and Executive Committee during 2014 amounted to € 11.6 million (2013 € 11.5 million). For members of the Board of Directors, this predominantly related to directors fees while for members of the Executive Committee this comprised fixed base salaries, variable remuneration, termination payments, pension service costs as well as share option grants.

(in € thousand)	2014	2013
Salaries (fixed and variable)	10,811	10,377
Retirement benefits	760	671
Share-based payments	-	421
Total	11,571	11,469

31. Aliaxis companies

The most important Aliaxis companies are listed below.

Fully consolidated companies

Company	Financial interest %	City	Country
HOLDING AND SUPPORT COMPANIES			
Aliaxis S.A.	100.00	Brussels	Belgium
Aliaxis Finance S.A.	100.00	Brussels	Belgium
Aliaxis Latinoamerica Cooperatief U.A.	100.00	Panningen	Pays-Bas
Aliaxis Luxembourg SA	100.00	Luxembourg	Luxembourg
Aliaxis Holdings Australia Pty	100.00	North Plympton	Australia
Aliaxis Holding Germany GmbH	100.00	Mannheim	Germany
Aliaxis Holding Italia Spa	100.00	Bologna	Italy
Aliaxis Holdings UK Ltd	100.00	Sevenoaks	UK
Aliaxis Ibérica S.L.	100.00	Alicante	Spain
Aliaxis Group S.A.	100.00	Brussels	Belgium
Aliaxis North America Inc	100.00	Ontario	Canada
Aliaxis Participations S.A.	100.00	Paris	France
Aliaxis R&D S.A.S.	100.00	Vernouillet	France
Aliaxis Services S.A.	100.00	Vernouillet	France
DE Investments Group SARL	100.00	Luxembourg	Luxembourg
GPS Beteiligungs Gmbh	100.00	Mannheim	Germany
GPS Gmbh & Co KG	100.00	Mannheim	Germany
GDC Holding Ltd	100.00	Maidstone	UK
Glynwed Dublin Corporation	100.00	Dublin	Ireland
Glynwed Holding B.V.	100.00	Panningen	The Netherlands
Glynwed Inc	100.00	Wilmington	US
Glynwed Overseas Holdings Ltd	100.00	Maidstone	UK
Glynwed Pacific Holdings Pty Ltd	100.00	Adelaide	Australia
Glynwed US Inc	100.00	Wilmington	US
GPS Holding Germany GmbH	100.00	Mannheim	Germany
IPLA B.V.	100.00	Panningen	The Netherlands
Marley European Holdings GmbH	100.00	Wunstorf	Germany
Marley Plastic Extrusions	100.00	Maidstone	UK
Marley Holdings Pty Ltd	100.00	Nigel	South Africa
Marley Trust Holding Company (Pty)	35.00	Nigel	South Africa
New Zealand Investment Holdings Ltd	100.00	Auckland	New Zealand
Nicoll Do Brasil Participações Ltda	100.00	São Paulo	Brasil
Panningen Finance BV	100.00	Panningen	The Netherlands
Société Financière Aliaxis S.A.	100.00	Brussels	Belgium
Société Financière du Héron S.A.	100.00	Brussels	Belgium
Société Financière du Val d'Or SA	100.00	Brussels	Belgium
The Marley Company (NZ) Ltd	100.00	Manurewa	New Zealand
OPERATING COMPANIES			
Akatherm FIP GmbH	100.00	Mannheim	Germany
Akatherm B.V.	100.00	Panningen	The Netherlands
Aliaxis Latin American Services	100.00	San José	Costa Rica
Astore Valves & Fittings Srl	100.00	Genoa	Italy

Company	Financial interest %	City	Country
Ashirvad Pipes Private Ltd	60.00	Bangalore	India
AUI AG	100.00	Wangs	Switzerland
AUI GmbH	100.00	Vienna	Austria
AUI Kft	100.00	Biatorbagy	Hungary
Canplas Industries Ltd	100.00	Barrie	Canada
Canplas US LLC	100.00	Denver	US
Chemvin Plastics Ltd	100.00	Auckland	New Zealand
Corporacion de Inversiones Dureco SA	100.00	Guatemala	Guatemala
DHM Plastics	100.00	Maidstone	UK
Dureco Honduras SA	100.00	Comayaguela	Honduras
Dureco El Salvador SA de CV	100.00	San Salvador	El Salvador
Durman Colombia SAS	100.00	Cundinamarca	Colombia
Durman Esquivel SA	100.00	San José	Costa Rica
Durman Esquivel SA	100.00	Panama	Panama
Durman Esquivel de Mexico SA de CV	100.00	Mexico DF	Mexico
Durman Esquivel Guatemala SA	100.00	Guatemala	Guatemala
Durman Esquivel Industrial de Nicaragua SA	100.00	Managua	Nicaragua
Durman Esquivel Puerto Rico Corp.	100.00	Sabana Grande	Puerto Rico
Dux Industries Ltd	100.00	Auckland	New Zealand
Dynex Extrusions Ltd	100.00	Auckland	New Zealand
Ejecutivos del PVC SA de CV	100.00	Querétaro	Mexico
Formatura Inezione Polimeri spa	100.00	Casella	Italy
Friatec AG	100.00	Mannheim	Germany
Friatec do Brasil Industria de Bombas Ltda	100.00	Cataguases	Brazil
Friatec Rheinhutte Pumps & Valves LLC	100.00	Hampton	US
Friatec SARL	100.00	Nemours	France
Girpi S.A.S.	100.00	Harfleur	France
Glynwed AB	100.00	Spaanga	Sweden
Glynwed A/S	100.00	Koege	Denmark
Glynwed B.V.	100.00	Willemstad	The Netherlands
Glynwed N.V.	100.00	Kontich	Belgium
Glynwed Pipe Systems Ltd	100.00	Cannock	UK
Glynwed S.A.S.	100.00	Mèze	France
GPS Asia Pte Ltd	100.00	Singapore	Singapore
GPS Ibérica S.L.	100.00	Sta Perpetua de Mogoda	Spain
GPS Shanghai	100.00	Shanghai	China
Hamilton Kent LLC	100.00	Winchester	US
Hamilton Kent Inc	100.00	Toronto	Canada
Harrington Industrial Plastics LLC	100.00	Chino	US
Harrington Industrial Plastics de Mexico	100.00	Querétaro	Mexico
Hunter Plastics Ltd	100.00	Maidstone	UK
Innoge PE Industries S.A.M.	100.00	Monaco	Monaco
Ipex Branding Inc.	100.00	Toronto	Canada
Ipex Electrical Inc.	100.00	Toronto	Canada
Ipex Inc	100.00	Don Mills	Canada
Ipex Management Inc.	100.00	Toronto	Canada
Ipex Technologies Inc.	100.00	Toronto	Canada
Ipex US LLC	100.00	Wilmington	US
Ipex de Mexico SA de CV	100.00	Mexico DF	Mexico
Jimten S.A.	100.00	Alicante	Spain

Company	Financial interest %	City	Country
Kunststoffwerk HöhnGmbH	100.00	Mannheim	Germany
LLC Aliaxis Utilities & Industry	100.00	Moscow	Russia
Marley Deutschland GmbH	100.00	Wunstorf	Germany
Marley Magyarorszag RT	100.00	Szekszard	Hungary
Marley New Zealand Ltd	100.00	Manurewa	New Zealand
Marley Pipe Systems (SA) (Pty) Ltd	83.75	Nigel	South Africa
Marley Pipe Systems Namibia (Pty) Ltd	100.00	Windhoek	Namibia
Marley Polska Sp.zo.o	100.00	Warsaw	Poland
Material de Aireación S.A.	98.67	Okondo	Spain
Multi Fittings Corporation	100.00	Wilmington	US
Nicoll Ceska Republika	100.00	Vestec	Czech Rep.
Nicoll SA NV	100.00	Herstal	Belgium
Nicoll S.A.	100.00	Buenos Aires	Argentina
Nicoll Industria Plastica Ltda	100.00	Sao Paulo	Brasil
Nicoll Peru S.A.	100.00	Lima	Peru
Nicoll Polska Sp.zo.o	100.00	Olesnica	Poland
Nicoll Uruguay S.A.	100.00	Montevideo	Uruguay
Nicoll Vostok	100.00	Moscow	Russia
Paling Industries Sdn Bhd	100.00	Selangor Darul Ehsan	Malaysia
Perforacion y Conduccion de Aguas SA	100.00	San José	Costa Rica
Philmac Pty Ltd	100.00	North Plympton	Australia
Raccords et Plastiques Nicoll S.A.S.	100.00	Cholet	France
Redi Spa	100.00	Bologna	Italy
Rhine Ruhr Pumps & Valves (Pty) Ltd	59.90	Sandton	South Africa
Riuvert S.A.	100.00	Tibi Alicante	Spain
RX Plastics Limited	100.00	Ashburton	New Zealand
Sanitaertechnik Eisenberg GmbH	100.00	Eisenberg	Germany
SCI Frimo	100.00	Nemours	France
SCI LAML	100.00	Nemours	France
SED Flow Control GmbH	100.00	Bad Rappenau	Germany
Sociedad Industrial Tuboplast SA	100.00	Santiago	Chile
Straub Werke AG	100.00	Wangs	Switzerland
The Universal Hardware and Plastic Fact. Ltd	51.00	Kowloon	China
VigotecAkatherm N.V./SA	50.00	Puurs	Belgium
Vinidex Pty	100.00	New South Wales	Australia
Vinilit SA	100.00	Santiago	Chile
Wefatherm GmbH	100.00	Wunstorf	Germany
Zhongshan Universal Enterprises Ltd	51.00	Zhongshan City	China

During 2014, Glynwed Srl has been merged with Formatura Inezione Polimeri spa in Italy and Nicoll Italia Spa has been merged with Redi Spa in Italy.

32. Services provided by the statutory auditor

(in € thousand)	2014	2013
Audit		
Audit services		
- KPMG in Belgium	328	281
- Other offices in the KPMG network	1,958	1,924
Audit-related procedures and services		
- KPMG in Belgium	71	29
- Other offices in the KPMG network	269	52
Sub-total	2,626	2,286
Other services		
Tax	493	693
Other services	94	747
Sub-total	587	1,440
Services provided by the Statutory Auditor	3,213	3,726

33. Subsequent events

No subsequent events have occurred that warrant a modification of the value of the assets and liabilities or any additional disclosure.

Auditor's report

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Prins Boudewijnlaan 24d
2550 Kontich
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Statutory auditor's report to the general meeting of Aliaxis SA as of and for the year ended December 31, 2014

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our report on the consolidated financial statements as of and for the year ended December 31, 2014, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Aliaxis SA ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 2.950.747.000 and the consolidated statement of profit or loss shows a profit for the year of EUR 102.142.000.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, a Belgian civil CVBA/SCRL and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Maatschappelijke zetel – Siège social: Bourgetlaan 40 1130 Brussel - Bruxelles Belgium

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises CVBA/SCRL Burgerlijke vennootschap met handelsvorm en met beperkte aansprakelijkheid - Société civile à forme commerciale et à responsabilité limitée BTW - TVA BE 0419.122.548 RPR Brussel - RPM Bruxelles

appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at December 31, 2014 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Kontich, April 3, 2015

KPMG Réviseurs d'Entreprises / Bedrijfsrevisor
Statutory Auditor
represented by

L. Ruysen
Réviseur d'Entreprises / Bedrijfsrevisor

Non-consolidated accounts, profit distribution and statutory appointments

The annual statutory accounts of Aliaxis S.A. are summarized below.
In accordance with the Belgian Company Code, the annual accounts of Aliaxis S.A., including the Directors' Report and the Auditor's Report, will be registered at the Belgian National Bank within the required legal timeframe.

These documents are also available upon request at:
Aliaxis S.A.
Group Finance Department
Avenue de Tervueren, 270
1150 Brussels - Belgium
The Auditor, KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises, has expressed an unqualified opinion on the annual statutory accounts of Aliaxis S.A.

Summarized balance sheet after profit appropriation

As at 31 December (in € thousand)	2014	2013
Assets		
Intangible and tangible assets	-	1
Financial assets	1,316,647	1,316,647
Non-current assets	1,316,647	1,316,648
Current assets	2,207	3,723
Total assets	1,318,854	1,320,371
Equity and liabilities		
Capital	62,666	62,666
Share premium	13,332	13,332
Revaluation reserve	92	92
Reserves	1,048,922	1,048,922
Profit carried forward	119,287	105,519
Capital and reserves	1,244,299	1,230,531
Liabilities	74,555	89,840
Total equity and liabilities	1,318,854	1,320,371

Summarized profit and loss account

Year ended 31 December (in € thousand)	2014	2013
Income from operations	-	-
Operating expenses	(1,396)	(1,597)
Operating loss	(1,396)	(1,597)
Financial result	51,618	51,450
Income tax	-	-
Profit for the period	50,222	49,853

Profit distribution

The Board of Directors will propose at the General Shareholders' Meeting on 27 May 2015 a net dividend of € 0.30 per share. The proposed gross dividend is € 0.40 per share, representing 32% of the consolidated basic earnings per share of € 1.26.

The dividend will be paid on 1 July 2015 against the return of coupon No. 12 at the following premises:

- Banque Degroof S.A.;
- BNP Paribas Fortis S.A.;
- Belfius S.A.;
- as well as at our registered office.

The profit appropriation would be as follows:

(in € thousand)	2014	2013
Profit brought forward	**105,519**	88,475
Profit for the period	**50,222**	49,853
Gross dividend	**(36,454)**	(32,809)
Other reserves	**-**	-
Profit carried forward	**119,287**	105,519

Statutory appointments

In accordance with article 519 of the company code, the board has proposed that the general meeting of shareholders of 27 May 2015 ratifies the co-optation of Mr George Durman-Esquivel as director of Aliaxis S.A. This co-optation took place during the board meeting of 28 May 2014, following the resignation of Mr Francis Durman-Esquivel as director of Aliaxis S.A.
Mr George Durman-Esquivel had been co-opted for the remaining duration of the mandate of Mr Francis Durman-Esquivel, i.e. until 27 May 2015.

The mandates of Mmes Andréa Hatschek, Hélène van Zeebroeck and Messrs George Durman-Esquivel, Bruno Emsens, Frank H. Lakerveld, Kieran Murphy, Yves Noiret and Olivier van der Rest will expire at the next general meeting of shareholders on 27 May 2015. They are all candidate for re-election. Upon recommendation of the appointment and remuneration committee, the board proposes to the shareholders their re-election for a term of office of three years, ending at the general meeting of shareholders in 2018.

The mandates of Messrs Yves Mertens, Henri Thijssen and Philippe Voortman will also expire at the next general meeting of shareholders on 27 May 2015. They are not candidate for re-election.

Upon recommendation of the appointment and remuneration committee, the board proposes to the shareholders to elect Messrs Laurent Lenoir, Marc Nolet de Brauwere and Amaury Pelgrims de Bigard as directors of Aliaxis S.A. for a term of office of three years ending at the general meeting of shareholders to be held in 2018.

The mandate of KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises as auditor of the consolidated and non-consolidated accounts will expire at the next general meeting of shareholders.
It has been proposed to the general meeting of shareholders to reappoint KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, as auditor of the consolidated and non-consolidated accounts of Aliaxis S.A., for a term of three years, ending at the general meeting of shareholders in 2018.

Glossary

Financial

Revenue (Sales)
Amounts invoiced to customers for goods and services provided by the group, less credits for returns, rebates and allowances and discounts for cash payments

EBITDA
EBIT before charging depreciation, amortization and impairment

Current EBITDA
Current EBIT plus depreciation, amortization and impairment (other than goodwill impairment)

Current EBIT
Profit from operations before non-recurring items

EBIT
Operating income

Net profit (group share)
Profit of the year attributable to equity holders of the group

Capital expenditure
Expenditure on the acquisition of property plant and equipment, investment properties and intangible assets

Net financial debt
The aggregate of (I) non-current and current interest bearing loans and borrowings and (II) bank overdrafts, less (III) cash and cash equivalents

Capital employed
The aggregate of (I) intangible assets, (II) property, plant & equipment, (III) investment properties, (Iv) inventories and (v) amounts receivable, less the aggregate of (a) current provisions, and (b) current amounts payable

Non-cash working capital
The aggregate of (I) inventories and (II) amounts receivable, less the aggregate of (a) current provisions, and (b) current amounts payable

Return on capital employed (%)
EBIT / average of capital employed at 1 January and 31 December x 100

Return on equity (group share) (%)
Net profit (group share) / average of equity attributable to equity holders of Aliaxis at 1 January and 31 December x 100

Effective Income tax rate (%)
Income taxes / profit before income taxes x 100

Payout ratio (%)
Gross dividend per share / basic earnings per share x 100

General

ABS
Acrylonitrile-Butadiene-Styrene, a resin used as a raw material in plastics manufacturing

PE
Polyethylene, a resin used as a raw material in plastics manufacturing. Variants include high density polyethylene (HDPE) and low density polyethylene (LDPE)

PEX
Cross-linked polyethylene is a variant of polyethylene that is very flexible with wide temperature tolerance

PP
Polypropylene, a resin used as a raw material in plastics manufacturing

PVC
Polyvinylchloride, a resin used as a raw material in plastics manufacturing. Variants having different characteristics include CPVC (Chlorinated Polyvinyl Chloride), MPVC (Modified Polyvinyl Chloride), OPVC (Orientated Polyvinyl Chloride), UPVC (Unplasticized Polyvinyl Chloride)

PVDF
Polyvinylidene Fluoride, a highly non-reactive and pure thermoplastic fluoropolymer

Notes

Colophon

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Content and Coordination
Group Communications - Group Finance

Copy writing
Com & Co

Layout and production
Focus Advertising - Comfi

Printed on
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The acquisition of Vinidex on 1 August 2014 marks a significant step in the group's geographic diversification. Aliaxis achieved a leadership position across Australasia, a region that will soon make up one fifth of the group's annual sales.