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Polypipe

Annual Report and Accounts

FOR THE YEAR ENDED ENDED 31 DECEMBER 2014

Stock Code: PLP

Polypipe

WELCOME TO

Polypipe

WHO WE ARE

We are the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic piping systems for the residential, commercial, civils and infrastructure sectors.

WHAT WE DO

We design, develop and manufacture over 20,000 product lines; we manufacture the United Kingdom's widest range of plastic piping systems.

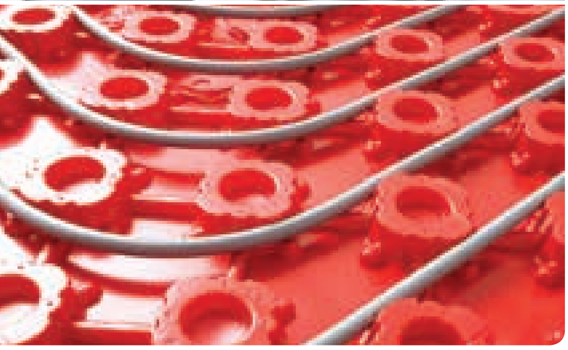
OUR PURPOSE

Our primary focus is on developing and supporting pragmatic product systems through specific knowledge and understanding of our market sectors. We ensure that customers can trust our significant sales and technical expertise to provide value engineered, fit for purpose piping solutions for the growing diversity and complexity of construction and building technology challenges they face.

OUR INVESTMENT PROPOSITION

- Market leadership in the attractive UK construction market
- Significant structural growth opportunities in the plastic piping industry
- Differentiated product range focuses on integrated piping systems and fittings
- Successful business model in a market with high barriers to entry
- Strong and resilient financial performance

CONTENTS



OUR FINANCIAL HIGHLIGHTS

REVENUE
↑8.7%

2014 **£327.0m**
2013 **£300.8m**

OPERATING PROFIT*
↑16.6%

2014 **£46.3m**
2013 **£39.7m**

CASH FLOW FROM OPERATIONS AFTER CAPEX*
↑26.3%

2014 **£48.0m**
2013 **£38.0m**

ADJUSTED EPS
↑61.9%

2014 **16.11pps**
2013 **9.95pps**

DIVIDEND PER SHARE

– INTERIM PAID 1.5p
– FINAL PROPOSED 3.0p

* Before exceptional items.

OUR OPERATIONAL HIGHLIGHTS

- Strong demand for residential piping systems from UK housebuilders, increasingly from smaller developers and projects outside of London and the South East
- Good volumes from road and rail projects and the development of high rise, multi-occupancy buildings in London
- Structural growth opportunities driving the business: significant increase in sales of Water Management Solutions, driven by legislation aimed at reducing flood risk and continued growth in Carbon Efficient Solutions supported by the need for higher performance ventilation systems
- Broadened product offer through two small-bolt on acquisitions – the Ferrob Ventilation business in October 2014 and the Surestop business in January 2015
- Improved export performance underpinned by growing presence in the Middle East

NAVIGATING THE REPORT

For further information within this document and relevant page numbers

Additional information online

Visit us online at **www.polypipe.com**

STRATEGIC REPORT

PICTURED
London 2012 stadiums and buildings – 1 million metres of pipe and over 2 million fittings supplied.

Polypipe

CHAIRMAN'S INTRODUCTION

OVERVIEW

I am pleased to present the Polypipe 2014 Annual Report at the end of what has been another excellent year for the business and all its stakeholders. During 2013 the Board discussed with our private equity partners the most suitable method of monetising their investment in the Company without jeopardising the future prospects of the business. In April 2014, after almost 15 years, shares in the Polypipe Group were again admitted to trading on the London Stock Exchange following a successful Initial Public Offering (IPO). Since that date the shares have continued to trade satisfactorily in the market.

RESULTS

Business performance throughout 2014 has been good with 8.7% sales growth, underpinned by the strong recovery in the rate of UK private house building. Operating profit margins improved further to 14.2%. Adjusted earnings per share increased by 61.9% to 16.11p and were backed by strong cash generation.

DIVIDEND

In line with the dividend policy outlined at the time of flotation, the Board is pleased to recommend a final dividend of 3.0p per share making 4.5p per share for the period since listing.

STRATEGY

During 2014 the Board focused on several key objectives:

- Achieving a successful IPO and refinancing
- Developing the approach of the business to risk management
- Continuing investment in new products and manufacturing processes
- Addressing the next phases of the Group's growth strategy
- Improving our health and safety performance across all business areas

In addition to our 2014 initiatives, in 2015 our attention will be focused upon:

- Capitalising upon opportunities to expand the business
- Growing our sales in the Middle East region

GOVERNANCE

A key element of the transition from private ownership to a full listing was the need to increase the size of the Board to ensure we were in compliance with the UK Corporate Governance Code. Assisted by Zygos, an executive recruitment firm, in March 2014 we recruited four new Non-Executive Board members in anticipation of the entry of the shares onto the public market. I am pleased to welcome Ron Marsh as Senior Independent Director, Moni Mannings on to her first Board position as Chair of the Remuneration committee, and Paul Dean as Chair of the Audit committee. In addition, Mark Hammond, a partner in Caird Capital who remained an important shareholder in Polypipe post flotation, joined the Board as a non-Independent Director. Full details of each of the Company's Directors can be found in the Governance section of this report (page 36).

The IPO prospectus indicated that after serving eight years as Chairman of the Company I would step down at the AGM in May 2015. At that meeting Shareholders will be asked to approve the appointment of Ron Marsh, the current Senior Independent Director, as the new Chairman.

PEOPLE

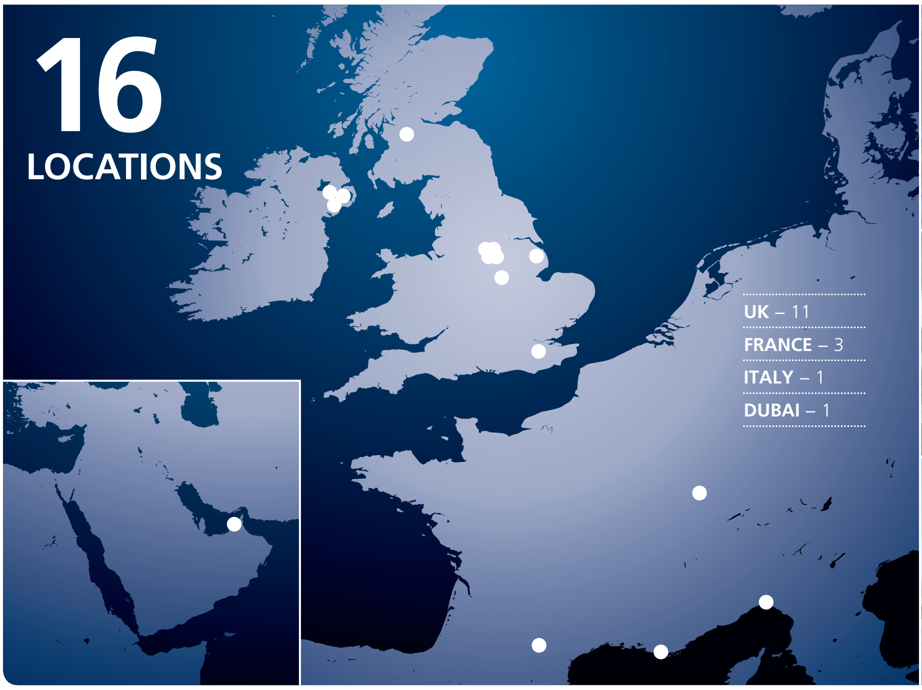
The success of the Company throughout 2014 is in large part due to the unstinting effort and commitment of our 2,178 employees. It is pleasing to note that we have increased our headcount by the creation of 160 jobs in the UK. On behalf of the Board I congratulate all of our employees for their contribution to the Company's success and I remain convinced that the opportunities for long-term business growth will ensure that they will find Polypipe to be an employer with whom they can expect to enjoy rewarding careers.

SUMMARY

In its first year back in the public market, Polypipe has delivered upon the market expectations expressed at the time of the IPO. With the expectation of favourable trading conditions in its key markets combined with structural growth opportunities and the quality of its workforce, I am confident that the Group will continue to deliver positive returns in the years ahead.

Alan Thomson
Chairman

COMPANY HISTORY



TIMELINE

OWNERSHIP CHANGES

- **1980** – FOUNDED AS A MANUFACTURER OF EXTRUDED AND MOULDED PLASTICS
- **1986** – BECOMES FULLY LISTED COMPANY
- **1999** – ACQUIRED BY IMI
- **2005** – MBO BACKED BY CASTLE HARLAN
- **2007** – MBO BACKED BY BOSIF *(NOW CAVENDISH CAPITAL)*
- **2014 – TODAY** – LISTING ON LONDON STOCK EXCHANGE

STRATEGIC INITIATIVES

- **1985 – 2004** – ACQUISITIONS AIMED AT BROADENING PRODUCT AND MARKET OFFERING; EXPANSION INTO FRANCE AND ITALY; FORMATION OF POLYPIPE CIVILS AND ULSTER BUSINESSES
- **2005 – 2007** – FOCUS ON CORE MARKET SECTORS AND GEOGRAPHIES THROUGH STREAMLINING OF ACTIVITIES
- **2008 – 2013** – SIGNIFICANT INVESTMENT IN BUSINESS; REBALANCED TO FOCUS ON RESIDENTIAL, INFRASTRUCTURE AND COMMERCIAL SECTORS
- **2014 – TODAY** – INCREASED CAPABILITY TO DELIVER SOLUTIONS FOR CARBON EFFICIENCY AND WATER MANAGEMENT

Polypipe

ACQUISITIONS

- **2000** – ACQUISITION OF ROBIMATIC
- **2007** – ACQUISITION OF TERRAIN COMMERCIAL DRAINAGE BUSINESS
- **2009** – ACQUISITION OF MARSHALL-TUFFLEX RAINWATER AND DRAINAGE BUSINESS
- **2010** – ACQUISITION OF SILAVENT VENTILATION BUSINESS
- **2014** – ACQUISITION OF FERROB VENTILATION BUSINESS
- **2015** – ACQUISITION OF SURESTOP SPECIALIST VALVE BUSINESS

DIVESTMENTS

- **2004 – 2006** – CLOSURE AND DIVESTMENT OF NON-CORE BUSINESSES INCLUDING WINDOW PROFILE AND FURNITURE
- **2007** – DIVESTMENT OF GERMAN OEM OPERATIONS
- **2008** – DIVESTMENT OF SANITARY SYSTEMS

POLYPIPE
AT A GLANCE

RESIDENTIAL PIPING SYSTEMS

REVENUE
£173.3m

OPERATING PROFIT
£28.4m

Areas of application

- Above-ground drainage
- Stormwater drainage
- Below-ground drainage systems
- Sewer drain
- Water supply
- Plumbing and heating supply
- Underfloor heating systems
- Ventilation fans and ducting
- Merchandised, pre-packaged components

COMMERCIAL AND INFRASTRUCTURE PIPING SYSTEMS — UK

REVENUE
£111.1m

OPERATING PROFIT
£17.0m

Areas of application

- Above-ground drainage
- Surface water drainage
- Stormwater drainage
- Land drainage and irrigation
- Sewer drain
- Ducting and conduit
- Pressure systems

COMMERCIAL AND INFRASTRUCTURE PIPING SYSTEMS — EUROPE

REVENUE
£53.9m

OPERATING PROFIT
£0.9m

Areas of application

- Electrical ducting and conduit
- Pressure systems and irrigation

Polypipe is the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic piping systems for the residential, commercial, civils and infrastructure sectors by revenue. The Group operates from 16 facilities in total, and with over 20,000 product lines, manufactures the United Kingdom's widest range of plastic piping systems within its target markets. The Group primarily targets the UK, French and Irish building and construction markets with a presence in Italy and the Middle East and sales to specific niches in the rest of the world.

- Over 20,000 products (widest range in the UK)
- Logistics capability to deliver to over 10,000 delivery points annually
- Fleet of over 260 trailers and 140 tractor units and rigid vehicles
- 130 UK & European product approvals

16
facilities in the UK, France, Italy and Dubai

2,178
employees in the Group

275
technical, sales and marketing people

LEADING POSITIONS IN THE UK ACROSS KEY SEGMENTS

BUILDING AND INSTALLATION

NO.1

CIVILS AND INFRASTRUCTURE

NO.1

PICTURED
Ridgistorm – XL Pipe system available in diameters up to 3 metres.

CHIEF EXECUTIVE'S REVIEW

"WE ARE WELL PLACED TO CAPITALISE ON FUTURE GROWTH OPPORTUNITIES"

The Group's focus has been to ensure that we remain well placed to benefit from the recovering UK construction market and to deliver on our ambition to grow ahead of the market through our initiatives in the areas of materials substitution, carbon efficiency, water management and export, especially to the Middle East.

The strength of the recovery in the early part of the year was greater than forecasts predicted. We met the growing demand whilst maintaining our focus on customer service levels and it is a credit to our employees that we successfully flexed our operations to deliver increased volumes without compromising our customer service standards. Our customers did not suffer product shortages or extended lead times that impacted some other suppliers of construction products during the year. Our customers rely on our ability to deliver the vast majority of our orders in a very short lead time, and manufacturing and carrying the right level of inventory across such a large product range is a key capability of the Group.

The Group is committed to providing our customers the broadest product range in the plastic piping systems sector and we have continued to introduce new products to supplement our ranges. We have also broadened our product offer through the acquisition of the Ferrob ventilation business in October 2014 and the Surestop business in January 2015. Ferrob manufactures domestic extract and positive input ventilation systems for Local Authorities and Housing Associations throughout the UK. Surestop manufactures and supplies a unique, patented range of devices, operated by water pressure, designed to conveniently switch off the mains water supply in properties when leaving a property vacant for a period of time or in the event of a leak, avoiding the risk of water damage.

We have seen steady progress across most of our product groups that are specifically targeted at substituting legacy materials. Our plastic plumbing systems and sewer systems have delivered a good level of growth against the same period last year, helped by the housebuilders who tend to favour more modern materials as a result of their ease and speed of installation. Our pre-fabricated drainage and chamber systems have also performed well, making good progress in converting contractors from using legacy materials, as the availability of labour has encouraged them to pay greater attention to speed of installation and quality of factory build rather than work on-site.

Our Carbon Efficient Solutions have performed well in the residential sector as new build starts have commenced on more recently consented land requiring them to adhere to more recent legislation. Although still a very low proportion of the overall heating market, we have seen a small but progressive uptake of underfloor heating in new residential developments, in particular multi occupancy, high rise developments in London. Our ventilation business has performed strongly during the year, with

GROUP REVENUE

£327.0m
↑8.7%

GROUP OPERATING PROFIT*

£46.3m
↑16.6%

* Before exceptional items

our new range of thermal and radial duct being adopted in both new build and some major refurbishment programmes.

2014 saw a significant increase in demand for our comprehensive range of engineered Water Management Solutions which can be individually tailored to meet site specific needs. We invested in further capacity in this area during 2013 and staffed up during 2014 as sales increased. When developers and construction companies begin activity on new sites, they are required to find ways to meet more recent and stringent legislation requiring the storage and attenuation of water. The flooding at the beginning of the year served to emphasise the continued need for flood alleviation schemes with further UK Government budget being allocated to this area.

Our investment in export sales resource has delivered sales growth during the year with increasing confidence in the Middle East in particular benefiting our activities. The upturn in project activity in the region encouraged our distributors to restock in the first half of the year which was an important step for us in being able to fulfil specifications gained. We are in the process of opening a new training centre in Dubai to act as a showcase for our system solutions and to train contractors on how to more effectively engineer their drainage requirements. The recent decline in oil prices does not appear to have impacted project funding, and commitments to development for the World Expo in Dubai in 2020 and the 2022 Football World Cup in Qatar provide a helpful stimulus to construction in the region. Our success with specialist drainage products for mining infrastructure projects in Africa during the earlier part of the year became more challenging as the impact of the Ebola crisis and the sharp fall in the price of raw materials led to a significant reduction in investment in both the region and the sector as a whole.

GROUP RESULTS

The Group's revenue for the year ended 31 December 2014 was £327.0m (2013: £300.8m) an improvement of 8.7%. The year started strongly, albeit against relatively weak comparables, and this positive momentum continued throughout the year. This growth has been driven by our strategic focus on structural growth opportunities and the continuing recovery in the UK construction market.

Operating profit before exceptional items for the year of £46.3m was up 16.6% on last year with the drop through from the revenue growth at 25.2%.

Net finance charges for the year of £8.7m were £6.5m lower than the prior year as a result of the refinancing of the £150m Senior Secured Notes in April 2014.

Exceptional charges of £12.2m were incurred in the year in relation to the IPO listing costs. A further £8.6m of exceptional finance costs were incurred in the year in relation to refinancing the Senior Secured Notes. As a result the reported profit before tax was £16.9m (2013: £24.6m). Basic earnings per share were 6.96 pence (2013: 10.00p).

DIVISIONAL PERFORMANCE REVIEW

The following tables set out Group revenue and operating profit* by operating segment:

Revenue	**2014 £m**	2013 £m	Change %
Residential Piping Systems	**173.3**	158.7	9.2
Commercial & Infrastructure Piping Systems – UK	**111.1**	94.3	17.8
UK Operations	**284.4**	253.0	12.4
Commercial & Infrastructure Piping Systems – Europe	**53.9**	58.3	(7.5)
Inter Segment Sales	**(11.3)**	(10.5)	–
Group revenue	**327.0**	300.8	8.7

Operating profit	**2014 £m**	2013 £m	Change %
Residential Piping Systems	**28.4**	26.0	9.2
Commercial & Infrastructure Piping Systems – UK	**17.0**	12.4	37.1
UK Operations	**45.4**	38.4	18.2
Commercial & Infrastructure Piping Systems – Europe	**0.9**	1.3	(30.8)
Group operating profit*	**46.3**	39.7	16.6

* Before operating exceptional items.

CHIEF EXECUTIVE'S REVIEW

Residential Piping Systems

Sales to the Residential Sector were £173.3m, all of which were in the UK and Ireland, and represented 51% of Group revenues in 2014, a growth of 9.2% year on year. Following a strong first half, sales in the second half were at a similar level, reflecting a consistent level of demand across the year, although there appeared to be a more pronounced summer holiday effect during August 2014 and a sense that activity with the national developers, having reached their targets earlier in the year, slowed slightly during the last quarter in preparation for 2015.

Activity in the private residential new build sector (18% market output growth in 2014) has been driven largely by the national housebuilders, although it has been encouraging to see some smaller developers start to build, albeit primarily those who have existing consented land. It has also been encouraging to see a reduced concentration of projects in London and the South East as build in a number of the regions has picked up. New build represented approximately 39% of our residential revenues in the year (20% of Group), with the more stable repair, maintenance and improvement (RM&I) sector representing approximately 59% (30% of Group). Historically, home owners have spent the most on improvements either just before selling, or in the eighteen months after acquiring, second-hand homes; as such housing transactions are an important demand driver for us. In addition, a healthy level of remortgage activity is fundamental to homeowners improving and extending their homes. After an improving trend in the first part of the year, both of these measures flattened out and remain well below their long-term averages. As a result, we believe the level of private RM&I has seen a more gradual improvement in the professional contractor market and that homeowners are still exercising a high level of caution in spending their savings improving their homes. Improvement activity in the public residential sector has shown some improvement; however, due to continued budget constraints much of the activity remains focused around essential repairs.

Residential Piping Systems delivered an operating profit of £28.4m (2013: £26.0m) representing a margin of 16.4% (2013: 16.4%). Sales pricing remained broadly consistent with prior year with the operational gearing benefits from the volume growth being offset principally by higher developer rebates as the market continued to pull in the new build sector where rebates are higher than in the RM&I sector. Factory efficiency and margins benefited during 2013 from improved output as a result of building inventories in preparation for the volume upturn, which also has some affect on the year-on-year comparables.

Commercial and Infrastructure Piping Systems — UK

Sales from our UK Commercial and Infrastructure businesses, which represented approximately 33% of Group revenues, were £111.1m in 2014, a growth of 17.8% on 2013. Second half growth remained strong and sales into the UK market were approximately 2.5% higher than the first half, whilst exports from this division were weighted towards the first half of the financial year, mainly as a result of the seasonal holiday period in the Middle East falling in the second half.

We experienced good demand from road and rail projects and the development of high rise, multi-occupancy buildings continued in London with signs of slowly increasing activity in some other major cities. The level of quotation activity has been encouraging throughout the year albeit this is not an absolute indicator of future orders. The return from our recent significant investment in the polymer reprocessing plant improved as the year progressed as we improved the quality of our input as well as our developing capability to process higher volumes for our Civils business in this division.

Exports experienced strong growth over the same period last year reaching £15.1m (2013: £11.5m), primarily for products which are manufactured in this division. We have continued to expand our presence in the Middle East and alongside our traditional drainage ranges we have secured some small water management projects. We continue to seek opportunities to expand our activities in this product area as heavy, periodic rainfall earlier this year highlighted deficiencies in storm water drainage in a number of urbanised areas in the region.

The operational gearing effect of volume growth, particularly in our higher margin Water Management products which also improved the pricing mix throughout the year, when combined with our continuing focus on material cost control drove a 37% improvement in operating profit to £17.0m (2013: £12.4m) representing a margin of 15.3% (2013: 13.1%).

Commercial and Infrastructure Piping Systems — Europe

Revenues in the Commercial and Infrastructure Sector in Continental Europe (predominantly in France) which represented approximately 16% of Group revenues in 2014, at £53.9m, were 2.1% behind in local currency terms but down 7.5% as reported, due to the adverse currency translation impact. The more pronounced impact of holiday periods in Europe generally means that the first half is stronger than the second half and during 2014 the slowdown in activity in the French market combined with some destocking by distributors towards the end of the year has accentuated this seasonal effect. At constant exchange rates, revenue at the end of the first half was slightly ahead of prior year by 1.3%

but was 6.0% behind during the second half of 2014 compared to 2013 leaving the year down 2.1%. We were able to manage our cost base to flex down our costs to reflect the lower revenues with operating profit falling from £1.3m in 2013 to £0.9m in 2014.

From a very low base, our sales of water management systems, where we can derive more value from the technical specification nature of these projects, have made satisfactory progress, although we continue to experience delays in the product approval process for our full suite of products.

OUTLOOK

The recovery in construction markets in the UK that started towards the end of 2013 took hold in 2014 and forecasts almost universally expect the outlook to remain positive in the medium term. Whilst it is difficult to predict whether there may be some short-term impact of the impending General Election in the UK, it appears that whatever the final outcome, all parties are supportive of policies to stimulate the construction of more houses and of improving the national infrastructure.

The economy in Europe and France in particular is more fragile and there is little evidence to suggest a significant improvement is likely in the near term. However, this represents only a relatively minor component of our overall business and as we do not envisage significant deterioration, believing that our slow and steady improvements to our French business will benefit in the medium term as the economy recovers.

We will continue to explore opportunities to grow our exports and although we may see some reduction in overall activity in our primary export markets driven by the sharp falls in oil prices, we have such a small market share that we believe we can continue to grow as we establish our reputation.

Our growth initiatives, combined with this positive market backdrop in our main UK market, mean we entered 2015 with optimism and at this early stage of the year we are confident that the Group will deliver results for the year in line with market expectations.

David Hall
Chief Executive Officer

OUR BUSINESS MODEL
– STRUCTURED FOR COMPETITIVE ADVANTAGE

MORE COMPREHENSIVE CAPABILITIES THAN OUR PEERS AND STRENGTH IN OUR DIVERSITY OF END USER SECTORS GIVES POLYPIPE REAL COMPETITIVE EDGE

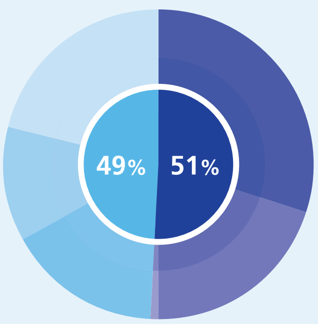
BREADTH OF CAPABILITY

The strength and long-term value of our model is built around the following key capabilities:

We have a balanced mix of residential and commercial, civils and infrastructure business. Spread over the UK market and selected niches in mainland Europe and the Middle East we cover both new build and Repair, Maintenance and Improvement (RMI) projects where in many instances legacy building materials are being replaced by plastics.

This balance provides us with a sound basis for our future development as a business. We seek to make the most of our excellent long-term relationships with contractors and specifiers across all the relevant sectors, and we are driven by our wide brand recognition and reputation for excellence, innovation and huge range of plastic piping system products.

BALANCED SALES SPLIT



COMMERCIAL & INFRASTRUCTURE

- UK CIVILS **21%**
- UK COMMERCIAL **12%**
- EUROPEAN BUSINESS **16%**

RESIDENTIAL

- RMI **30%**
- NEW BUILD **20%**
- OTHER **1%**

TRUST

Market Leadership

Across every key market, our products define and drive quality in both manufacture and performance.

Polypipe Brand

The Polypipe name and its associated brands are bywords for service and reliability among specifiers, contractors and trade and domestic customers alike.

CAPABILITY

Manufacturing & Logistics Scale

We have 16 facilities across the UK, Ireland, Europe and the Middle East dedicated to servicing the needs of the construction industry.

Bespoke Product Solutions

Our system design capability and state-of-the-art manufacturing facilities turn detailed design specifications into bespoke solutions, reducing installation time, costs and waste.

RANGE

Breadth and Depth of Product Systems

Always tried, tested and cost-effective, our plastic piping solutions are engineered to bring benefits to the whole spectrum of construction projects and market sectors.

Substituting Legacy Materials

Thinner, lighter and stronger than clay or concrete, plastic is the ideal construction material. Plastic's relative low scrap value make it a highly attractive propostition where theft is a concern.

COMPETENCE

Industry Authority

Our product portfolio is supported by up-to-the-minute knowledge and advice on industry legislation and regulations.

Product Innovation

We embrace the most advanced materials and latest technical innovations to create the products, processes and techniques of tomorrow.

VALUE

Intelligent Engineered Solutions

We use technology to deliver whole-life value by providing systems that are intelligently engineered to perform over a long lifetime.

Smarter Thinking, Better Solutions

Our expert technical knowledge allows us to engage with the project team from the beginning, supporting them from design through to installation, and delivering the most cost-effective solution.

SUPPORT

Leading Edge Design Expertise

Our R&D programme is second to none. Our teams have a proven record of developing systems engineered with integrity to meet the needs of an exacting client base.

Application Based Technical Support

Our highly knowledgeable technical teams provide everything from design guidance to detailed installation and maintenance advice.

SUSTAINABILITY

Sustainable Products and Practices

Adhering to Polypipe's sustainability agenda, we manufacture recyclable plastic products that are themselves made from recycled raw materials wherever possible.

Enabling Sustainable Building Technology

We are committed to plastic systems that support and encourage both low or zero carbon construction technology and managing water as a precious resource.

OUR MARKETPLACE

The UK construction market represents Polypipe's key market and we are therefore influenced by the level of activity within the sector. During the period of the recent severe downturn, we were able to deliver a robust performance with industry-leading margins despite lower sales volume in difficult market conditions. Since that time our markets have shown increasing signs of a broad-based recovery.

UK CONSTRUCTION MARKET OUTPUT TRENDS

The construction market is increasingly being seen across all political parties in the UK as a key driver of future economic growth. Our core UK market grew by 5.3% in 2014 underpinned by a rise in overall economic activity, and is forecast to grow by 5.3% in 2015, based upon a strong recovery in the private housing and commercial sectors and returning growth in public sector construction. Growth is forecast to continue in our core UK market throughout the medium term.

RESIDENTIAL

With a six year high of 134,300 starts in 2014 (an 18% rise), UK private sector housing is expected to grow consistently over the next five years. The sector's growth has largely been driven by the build programmes of the major Housebuilders; there has, however, been more recent signs of the SME builders beginning to come back to the market especially those who have pre-existing consented land. However, the growth in output has continued to lag the volume output required to meet the growing requirement for housing provision in the UK.

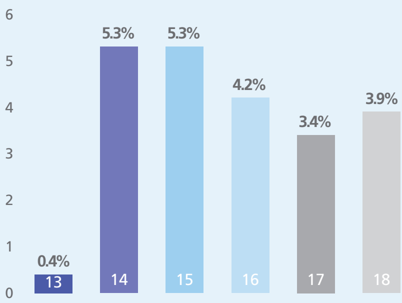
Property transactions have historically been a key driver of our Repair, Maintenance and Improvement (RMI) activity and this sector increased by 6.0% year on year in 2014. However, this recovery in private RMI work has been more gradual due the majority of government policies to support housing demand being skewed towards new build work. Also a long period of low interest rates has prompted homeowners to increase the equity repaid into their homes, which combined with the reduction in remortgage activity has reduced the availability of funds for RMI work.

In the public sector, housing starts fell by an estimated 3% in 2014, to 29,600 with the Affordable Homes Programme (AHP) and the private housing sector through Section 106 agreements being the key providers. In fact AHP is the key driver in this sector in England, as the government changes the emphasis away from social housing provision. Prospects remain dampened, however, despite the extension of capital investment for affordable homes to 2019/20, with many housing associations struggling to obtain future funding from private sources.

The growth in the UK's housing output we have seen has been from a very low base and remains well below the minimum requirement stated a decade ago in the Barker Review of 210,000 new homes every year. Indeed exacerbating the shortage, the need for new homes is growing with the Office for National Statistics predicting 221,000 new households will form each year over the decade to 2021.

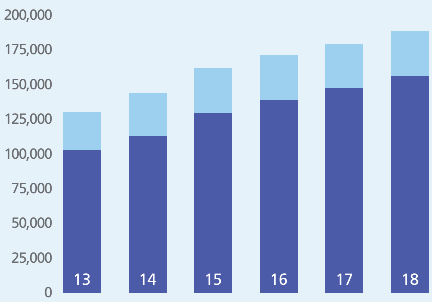
Construction Output

(% growth – 2011 constant prices)



Source: ONS, Construction Products Association

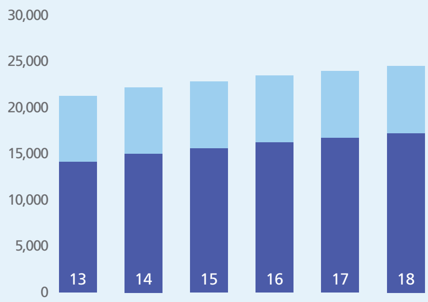
Housing Completions in Great Britain



Source: DCLG, ONS, Construction Products Association

Private and Public Housing RM&I Construction Output

(£ million – 2011 constant prices)



Source: ONS, Construction Products Association

CIVILS AND INFRASTRUCTURE

The road sector has continued to see growth with rises in the Highways Agency's capital funding counteracting constrained local authority spending. Future ambitious increases in longer-term capital investment should be underpinned by the independence of the Highways Agency under the 2014 Infrastructure Bill.

The energy infrastructure market continued to grow partially driven by the growth in infrastructure relating to new housing activity. Rail construction continued to benefit from major projects including the Crossrail and Thameslink together with a programme of station refurbishments around the country.

Growth in the Civils and Infrastructure sector is anticipated to be driven by a recovery in roads construction, combined with further growth in the rail and energy sub-sectors underpinned by UK Government's National Infrastructure Plan aimed at providing long-term, sustainable funding to key projects and programmes.

COMMERCIAL

The commercial sector grew by 0.3% in 2014. With much of the spending influenced by the forecasted recovery in the wider economy, prospects remain strong with consumer spending and business investment set to grow year by year up to 2018.

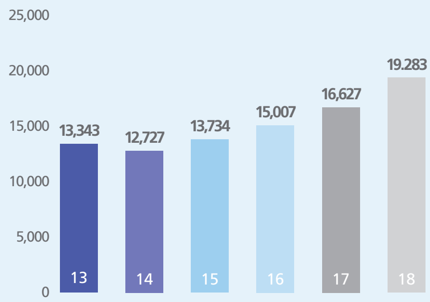
The effect of the Government's austerity measures on public sector capital investment plus the cancellation of major projects and reduced local authority funding for the public non-housing sector, resulted in 2014 output being down 2.9%. Output is expected to show signs of slow recovery through the medium term with a number of Government intiatives including the Priority School Building Programme supporting activity.

OVERSEAS MARKETS

We have continued to experience weak conditions in our main European continental markets with little sign of any underlying market improvement. In France we have seen declines in the levels of both housing starts and completions together with declining works in the public sector. In contrast our markets in the Middle East have seen recovery.

Infrastructure output

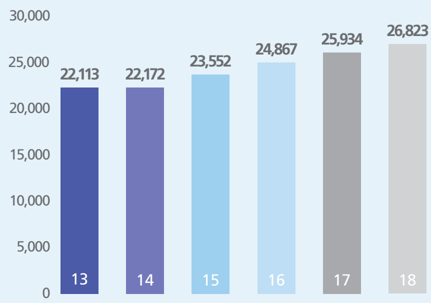
(£ million – 2011 constant prices)



Source: ONS, Construction Products Association

Commercial output

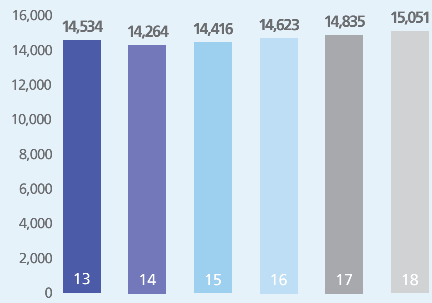
(£ million – 2011 constant prices)



Source: ONS, Construction Products Association

Public Non-housing output

(£ million – 2011 constant prices)



Source: ONS, Construction Products Association

OUR STRATEGY

Our ongoing strategy is to leverage our strengths to grow ahead of the market, meeting the increasingly complex needs of the residential, civils & infrastructure and commercial sectors of the modern construction market. In addition, we target market sectors where enhanced growth can be achieved including the substitution of legacy materials by plastics and sectors where legislation aimed at increasing the sustainability of the built environment is impacting.

With 20,000 product lines, more than 100 product systems, well-invested manufacturing facilities, a transport fleet numbering in excess of 150 vehicles and more than 250 people in sales and technical supplies, we have an enviable reputation amongst installers, contractors, stockists and specifiers.

OUR STRATEGIC OBJECTIVES

1 BENEFITING FROM MARKET RECOVERY AND LEVERAGING BRAND POSITION

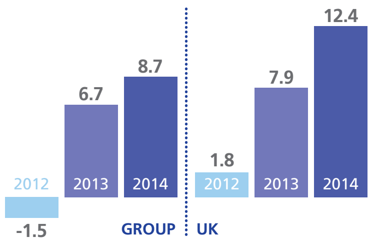
Our strong financial performance, combined with our key strategic objectives, means we are in an excellent position to capitalise on growth in the UK construction market. Our goal of focusing on core markets, targeting growth opportunities and driving efficiency has left us with industry-leading margins. We already operate at a highly successful level in a market with relatively high barriers to entry, meaning that other companies seeking to compete with us would have to invest on a significant scale. This, compounded by both our status as the most recognised brand in the UK plastic pipe sector and our highly developed operational infrastructure, puts us in a unique position. We are now ideally placed to leverage our brand position and long-term relationships with contractors and specifiers, generating further "pull-through" sales volumes for our stockists.

2 CONTINUED PRODUCT DEVELOPMENT FOR SUSTAINABLE CONSTRUCTION AND SUBSTITUTION OF LEGACY MATERIALS

Society today recognises the twin global challenges of managing water and carbon reduction in the built environment, which is why we will continue our long-term investment in our Water Management and Carbon Efficient Solutions, with systems that meet increasingly complex legislative requirements. We will continue to invest in key development programmes to grow ahead of the overall market. Our strategy of addressing the water management and carbon efficient sectors is complemented by our drive towards material substitution. The ongoing, long-term industry trend for the substitution of legacy building materials such as copper, steel, concrete and clay with plastic represents a significant opportunity. Our businesses are positioned to take advantage of this trend across a range of product markets.

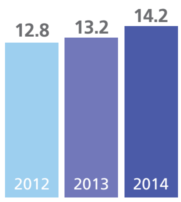
KEY PERFORMANCE INDICATORS

Sales Growth
Group and UK



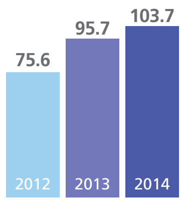
Definition
The annual percentage growth in both Group and UK (by origin) revenue.

Operating Profit Margin
%



Definition
Operating profit is before operating exceptional items as a percentage of Group revenue.

Cash Conversion
%



Definition
Operating cash flow (before exceptional items) less capital expenditure to operating profit (before exceptional items).

3 CONTINUOUS INVESTMENT IN PROCESSES AND EFFICIENCY INITIATIVES

We have an excellent track record of improving capacity and operating efficiency across the Polypipe Group. In order to improve our margins, we will continue to implement a wide range of such initiatives across all areas of the business. Our ultimate goal is to operate our manufacturing and logistics facilities as efficiently and profitably as possible.

4 SELECTIVE DEVELOPMENT IN FRANCE AND THE MIDDLE EAST

We are the UK's largest manufacturer of plastic piping systems by revenue. To achieve further growth we are working to develop our position in selective export markets where our UK standard based products are most applicable, and our emphasis on the Middle East is a core component of that strategy. We intend to continue to invest in our resources in those regions due to expand on our growing market presence. Despite short-term impact from the difficulties in the French economy, we intend to continue to improve our operations in France, investing cautiously in new product areas where we believe we can deliver future added value.

5 COMPLEMENTARY ACQUISITIONS

We will seek to add complementary bolt-on acquisitions to supplement the Group's existing product portfolio and accelerate the Group's strategic priorities, bolstering our UK capability and product ranges particularly in the areas of material substitution and carbon efficiency and water management solutions.

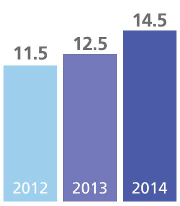
KEY PERFORMANCE INDICATORS

As a Board we continually review our performance measures that are critical to the measurement and delivery of our strategic objectives and delivery of sustainable shareholder returns.

We have defined our Key Performance Indicators ('KPIs') to measure alignment between our operating activity and strategic goals.

Return on Capital Employed

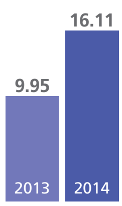
%



Definition
Return on capital employed is the ratio of operating profit (before exceptional items) to net assets adjusted for net borrowings and taxation.

Adjusted EPS

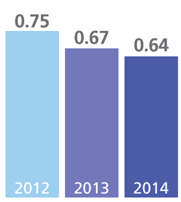
%



Definition
Adjusted earnings per share is basic earnings per share adjusted for exceptional items.

Accident Frequency

Number of accidents per 100,000 hours worked



Definition
Accident frequency rate is defined as the number of HSE reportable accidents and dangerous occurrences based on the current seven day absence from work reporting requirement in the UK and although there is no direct equivalent in Continental Europe and the Middle East the same definition is applied.

Greenhouse Gas Emissions

Intensity Ratio

Definition
The Intensity Ratio is defined as the total tonnes of scope 1 and scope 2 CO_2e (based on 2014 emission factors for both years) produced per total tonnes of production including output from our Polymer Processing Plant.

OUR SUSTAINABLE JOURNEY

Continuous innovation in plastics is driving the long-term trend of substituting legacy materials such as concrete, clay, cast iron and copper with plastics. The future will see this trend continuing as the inherent advantages of plastic piping systems are recognised throughout the construction industry.

QUALITY CONTROLLED INPUTS

We source all of our raw materials according to a sustainable use policy that requires all suppliers meet to the highest sustainability standards. With ISO 9001 Quality Management and ISO 14001 Environmental Management accreditation, we manufacture using only the very best quality materials to ensure our products are as sustainable as possible whilst still meeting and exceeding quality standards.

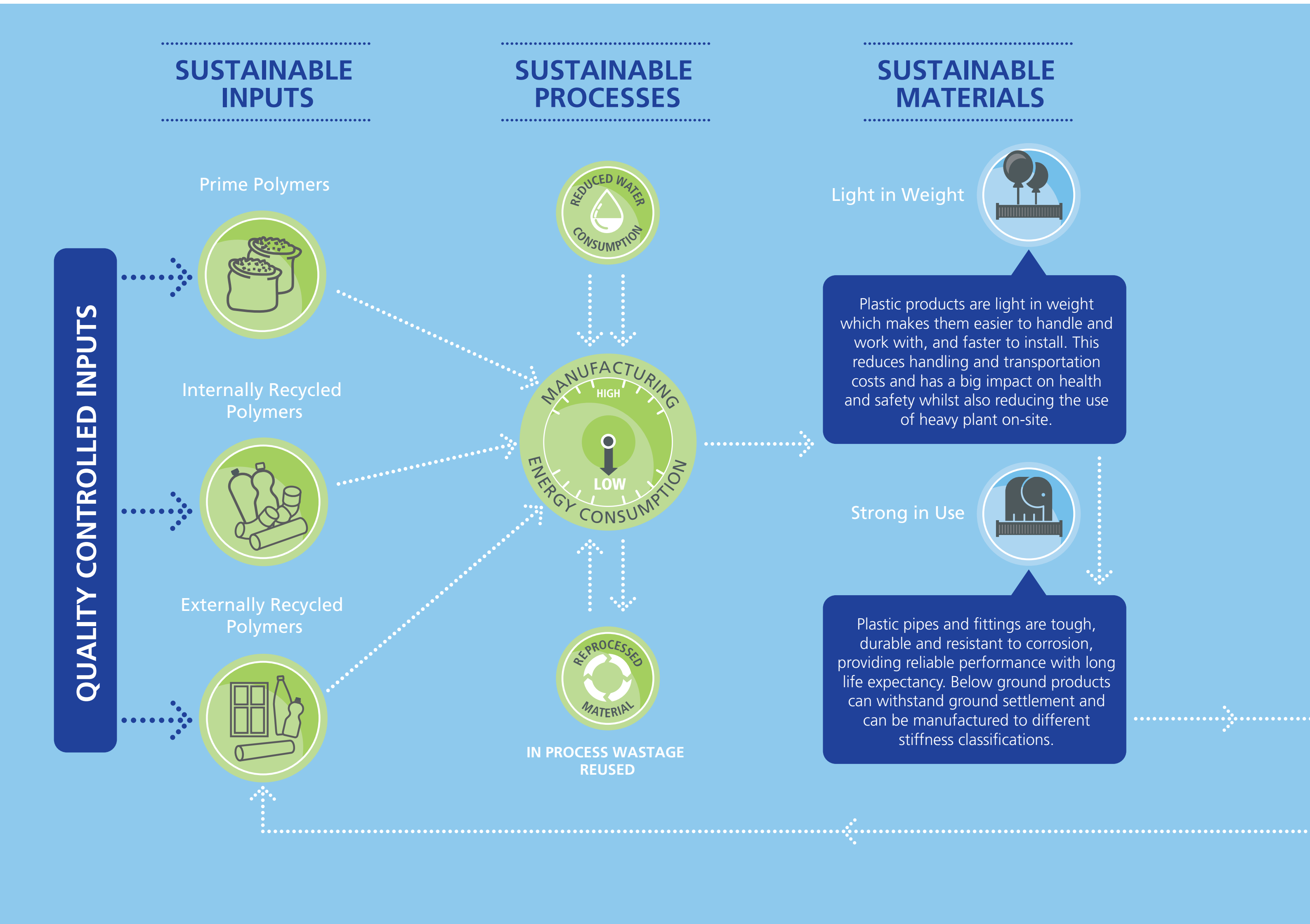
SUSTAINABLE PROCESSES

Managing how our activities impact the environment is integral to our business. And that means we are committed to monitoring every process from reducing power consumption, water usage and the metering of power lines to material use and recycling waste.

SUSTAINABLE MATERIALS

Plastic is a by-product of oil and less than 4% of the world's oil production is used for plastics and much less energy is used to produce it than other materials. Plastic pipes are light in weight, considerably reducing fuel consumption in transportation.

When plastics have completed their use phase, they can be recycled or their calorific value can be recovered through energy from waste.



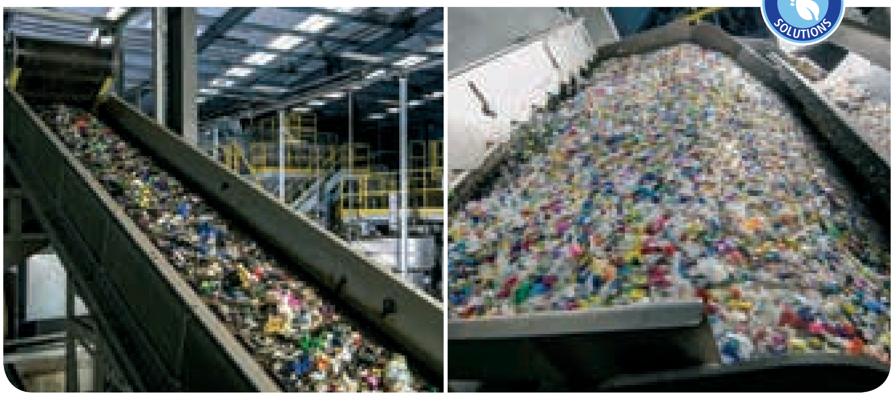
SUSTAINABLE PRODUCTS

Our products themselves are also recyclable at end of life, which creates a sustainable path back into reuse. Residual plastics from our own manufacturing processes are recycled online without compromising product performance, quality or durability in any way.

SUSTAINABLE APPLICATIONS

Whether the need is to create energy efficient sustainable indoor environments to deal with flood water or simply minimise the impact from the Built Environment, we offer the widest range of solutions to all these applications.

CASE STUDY HORNCASTLE



Following a major investment programme and the subsequent commissioning of a polymer reprocessing plant, located in Horncastle, Lincolnshire, we are now one of the UK's largest processors of post consumer waste. The plant has increased our ability to make use of reprocessed materials, recycling pre-sorted bales of household plastic polyethylene waste to produce high quality materials for our products.

To read more visit **www.polypipe.com**

SUSTAINABLE PRODUCTS

CARBON EFFICIENT SOLUTIONS

Product systems that save energy and reduce CO_2 emissions such as underfloor heating and mechancial ventilation with heat recovery

WATER MANAGEMENT SOLUTIONS

Products that recognise water as a scarce resource and reduce flood risk such as rainwater harvesting and geocellular attenuation systems

THE SUSTAINABLE BUILT EVIRONMENT

OUR SUSTAINABLE JOURNEY IN ACTION

Ridgistorm-XL capacity doubled and range extended to 3m diameters

Ridgistorm-XL fabrication capacity and capability investment

Breadth of available Overlay systems driving growth of underfloor heating in renovation projects

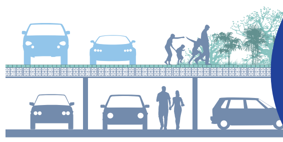
Underfloor systems showcased at Grand Designs Live & Home Building and Renovating

Registered Underfloor Heating Installer Network providing dedicated design and installation support

WATER MANAGEMENT SOLUTIONS

Offering a comprehensive range of standalone and modular sustainable drainage products, rainwater harvesting and surface water treatment solutions plus legislative and technical support services, Polypipe's water management solutions team address the requirements of every construction and civil engineering project.

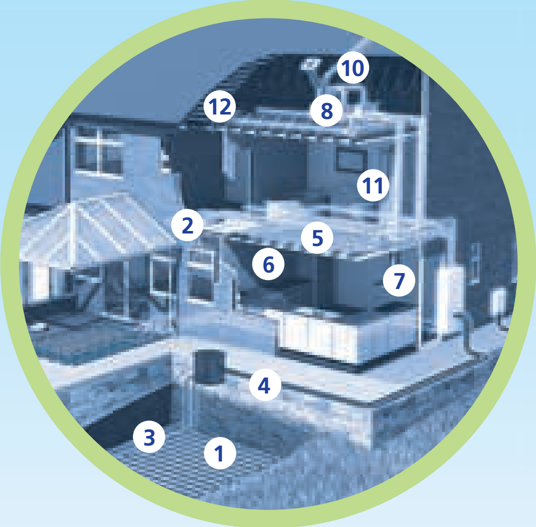
1. Ridgistorm-XL
2. Polystorm
3. Polystorm Lite
4. Polystorm Xtra
5. Permavoid
6. Stormcheck
7. Bespoke Fabrications



Permavoid creating new Podium applications for managing surface water

CAPITAL WORKS SCHEME, WIRRAL, UK – RIDGISTORM-XL FLOOD ALLEVIATION

WINCHESTER COLLEGE, UK – PERMAVOID SHALLOW DEPTH DRAINAGE SOLUTION

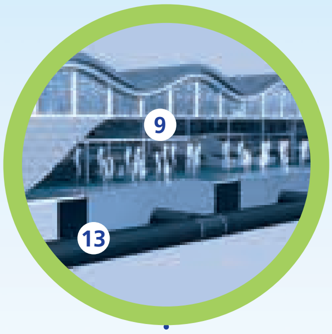


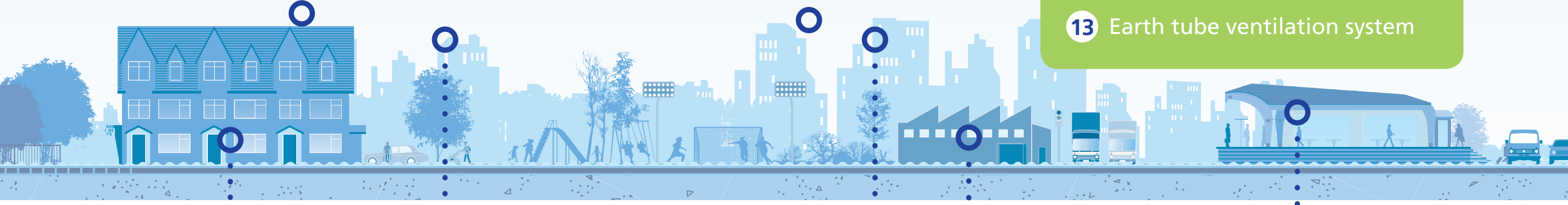
CARBON EFFICIENT SOLUTIONS

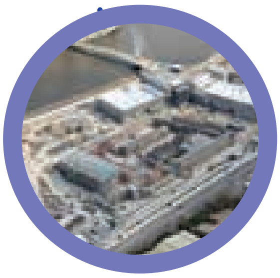
Ever stricter building regulations and ever more environmentally conscious customers are driving the demand for greener building products and technologies. Polypipe fulfils that demand with a full range of systems that enable collection, transmission, emission and control in heating, ventilation and cooling systems.

CARBON EFFICIENT SOLUTIONS

1. Underfloor Heating Systems
2. Modular Heating Panel (MHP)
3. Geothermal Piping System
4. Pre-insulated Pipe System
5. Overlay™ Floor Heating
6. Room Temperature Controls
7. Water Temperature Controls
8. Mechanical Ventilation with Heat Recovery
9. Mechanical Extract ventilation
10. Radial Duct System
11. Energy Efficient Intermittent Extract Fans
12. Duct insulation for Rigid Duct Systems
13. Earth tube ventilation system







CORONATION STREET NEW SET MEDIA CITY, UK – PERMAVOID SHALLOW STORMWATER MANAGEMENT AND TREATMENT SYSTEM

Improving ventilation system efficiencies with new Thermal and Radial Duct Systems

MOTOX TRAINING CENTRE DEVON, UK – POLYPIPE BIO-REACTOR STORAGE SYSTEM

ADMIRAL'S QUAY OCEAN VILLAGE, SOUTHAMPTON, UK – DOMUS THERMAL DUCT

WEST GREENWICH LONDON, UK – SILAVENT MECHANICAL VENTILATION HEAT RECOVERY

WESTBROOK PRIMARY SCHOOL HOUNSLOW, UK – POLYPIPE EARTH TUBE VENTILATION SYSTEM

CHIEF FINANCIAL OFFICER'S REPORT

FIRST HALF/SECOND HALF RESULTS

	First Half £m	Second Half £m	Full Year £m
2014			
Revenue	**168.2**	**158.8**	**327.0**
Operating profit[1]	**22.7**	**23.6**	**46.3**
Operating profit[1] margin	**13.5%**	**14.9%**	**14.2%**
2013			
Revenue	151.8	149.0	300.8
Operating profit[1]	17.6	22.1	39.7
Operating profit[1] margin	11.6%	14.8%	13.2%
Revenue growth:			
— Group	10.8%	6.6%	8.7%
— UK	14.2%	10.7%	12.4%
— Mainland Europe as reported	(2.9%)	(13.1%)	(7.5%)
— Mainland Europe at constant exchange rates	1.3%	(6.0%)	(2.1%)

[1] Before operating exceptional items.

Revenue grew by 8.7% during 2014 (10.8% first half; 6.6% second half) and UK revenue growth for the full year of 12.4% was well ahead of the Construction Products Association's (CPA's) estimate of the growth in total UK construction output during 2014 of 5.3%. As expected, revenue growth in the second half was lower due to stronger comparables, particularly in the UK where the market recovery took hold in the second half of 2013. In addition, our operations in France experienced deteriorating market conditions and some merchant destocking in the second half with revenue down 6.0% at constant currency.

The revenue to operating profit[1] drop through (year-on-year incremental revenue to incremental operating profit[1]) for 2014 was 25.2% (31.1% first half; 15.3% second half). The operating profit[1] drop through rate declined in the second half of 2014 due to additional "plc costs" and also the operating profit[1] margin in the second half of 2013 reflected some benefit from improved manufacturing output as a result of the need to increase inventory levels towards the end of 2013 to meet the upturn in demand.

100 BPS IMPROVEMENT IN OPERATING PROFIT MARGIN

to 14.2%

CASH FLOW AND NET DEBT

Cash generated from operations during the year, excluding the impact of the exceptional operating items, and the cash conversion rate defined as the ratio of operating cash flow less capital expenditure to operating profit (also excluding the impact of exceptional operating items) were:

	2014 £m	2013 £m
Operating profit[1]	**46.3**	39.7
Depreciation	**14.5**	13.9
Operating profit[1] plus depreciation (EBITDA)	**60.8**	53.6
Increase in negative working capital	**2.3**	5.5
Operating cash flow[1]	**63.1**	59.1
Capital expenditure	**(15.1)**	(21.1)
Operating cash flow[1] after capital expenditure	**48.0**	38.0
Cash conversion rate	**103.7%**	95.7%

(1) Before operating exceptional items.

OPERATING CASH FLOW AFTER CAPITAL EXPENDITURE

↑26.3%

CASH CONVERSION RATE

improved to 103.7%

Cash generated from operations (excluding exceptional operating costs) after capital expenditure increased by 26.3% during the year to £48.0m (2013: £38.0m) due to the improved operating performance and lower capital expenditure.

The cash conversion rate, a key measure of operating cashflow performance, remained strong and improved from 95.7% in 2013 to 103.7% in 2014.

Capital expenditure of £15.1m was £6.0m lower than the prior year; however, part of this reduction was due to the timing of projects as capital commitments at 31 December 2014 increased to £2.6m from £0.9m a year earlier.

Net working capital at 31 December 2014 of negative £4.4m compared with negative £1.7m at 31 December 2013. This increase in negative working capital was as a result of the increase in the amount of rebates accrued due to increased sales. Net working capital at our December year end is the lowest position during the year due to the seasonal slowdown in December in construction site activity and our manufacturing operations ahead of the Christmas holiday period, as well as the accumulation of quarterly and annual customer rebate liabilities which are settled in the following year.

Net debt (term loan less cash) reduced by £7.2m during the year to £76.9m. This was after exceptional listing and refinancing costs of £21.9m paid in the year and £1.7m spent on acquiring treasury shares.

At 31 December 2014 liquidity (cash and committed banking facilities) was strong at £83.1m. This leaves significant headroom to increase payback capital expenditure and to fund further "bolt-on" acquisitions as opportunities arise.

CHIEF FINANCIAL OFFICER'S REPORT

The Group is subject to two financial covenants; at 31 December 2014 there was significant headroom:

Covenant	Covenant requirement	Position at 31 December 2014
Interest cover (EBIT:Net finance costs excluding debt issuance cost amortisation)	>3:1	5.7:1
Leverage (EBITDA:Net debt)	<3:1	1.3:1

All covenant definitions exclude exceptional items.

FINANCE COSTS

Finance costs for the year ended 31 December 2014 of £8.9m were lower than the finance costs of £15.5m in the prior year as a result of the refinancing of the £150m Senior Secured Notes (fixed interest rate of 9.5%) with £30m from surplus cash balances and £120m from a new five year term bank loan in April 2014. Interest on the new five year term bank loan is payable at LIBOR plus a margin of 2.75% which reduces if the leverage ratio of the Group improves. As a result of our improved leverage position, the margin fell to 2.50% at 31 December 2014.

In order to reduce exposure to future increases in interest rates, the Group entered into an interest rate swap on 16 April 2014 for notional amounts of between 40% and 60% of the term loan over the period of the loan. Interest is payable at a fixed rate of 2.21% (excluding margin) over the period from January 2015 to March 2019. The unrealised loss on the interest rate swap amounted to £2.4m at 31 December 2014. The interest rate swap is designated as an "effective hedge" and as such the unrealised loss was treated as "other comprehensive income" and not a charge to the income statement during 2014.

Exceptional finance costs of £8.6m were incurred in the year in relation to the refinancing of our Senior Secured Notes.

TAXATION

Exceptional items have had a significant impact on the 2014 tax charge. To assess the underlying tax rate, the table below shows the level of taxation relief on the exceptional IPO listing and refinancing costs:

	£m	Tax £m	Tax rate %
Profit before tax (before exceptional IPO listing and refinancing costs) and related tax	37.7	5.4	14.3%
Exceptional IPO listing (£12.2m) and refinancing costs (£8.6m) and related tax relief	(20.8)	(2.0)	
Profit before tax and related tax – current year	16.9	3.4	20.1%
Prior year credit	–	(0.4)	
Profit before tax and tax as reported	16.9	3.0	17.8%

The underlying tax rate of 14.3% is below the UK standard rate of 21.5% (the impact of mainland European operations is not significant) due to patent box relief and the availability of non-trading losses which reduced the UK corporation tax charge by £2.5m in 2014. In 2015 the Group tax rate will revert back to the standard UK tax rate.

EXCHANGE RATES

The Group is exposed to movements in exchange rates when translating the results of its mainland European operations from Euros to Sterling. Sterling appreciated against the Euro during 2014 with the average exchange rate used for translation purposes moving from £1:€1.18 in 2013 to £1:€1.25 in 2014. The impact of this was £3.2m negative on revenue with no impact on operating profit.

Forward currency derivative contracts are classified as held for trading. There was an unrealised loss of £0.2m (included in financial liabilities) on these derivative contracts at 31 December 2014 (2013: £0.4m financial asset) resulting in an income statement charge of £0.6m during the year.

EARNINGS PER SHARE

	2014	2013
Pence per share:		
Basic	6.96	10.00
Adjusted	16.11	9.95

The impact of dilution is not significant

The movement in basic EPS is distorted by the significant exceptional non-trading items during 2014.

Adjusted EPS, which removes the impact of exceptional non-trading items, improved by 62% in 2014. Part of this year-on-year improvement was due to the material reduction in finance costs for eight months of the year as a result of the refinancing at the time of the IPO listing.

In 2015 finance costs will reduce further from the full year benefit of the refinancing but will also be impacted by the interest rate swap which becomes effective from the start of 2015 and the slight benefit from the margin reduction. As noted under "Taxation" above, the benefit of unutilised non-trading taxation losses brought forward will reduce slightly in 2015 as they become fully utilised during the year. These factors, which impact future finance costs and taxation, will have an effect on our EPS going forward.

DIVIDEND

The final dividend of 3.0 pence is being recommended for payment on 28 May 2015 to Shareholders on the register at the close of business on 8 May 2015. The ex dividend date will be 7 May 2015.

As highlighted in the Group's IPO prospectus, our dividend policy is to pay a minimum of 40% of the Group's annual profit after tax (adjusted to exclude exceptional items). The Directors intend that the Group will pay the total annual dividend in two tranches, an interim dividend and a final dividend, to be announced at the time of announcement of the interim and preliminary results in the approximate proportions of one-third and two-thirds. As previously guided, the dividend in respect of the current financial year will be paid pro rata to reflect the period of time we have been listed as a proportion of the full year. The Group may revise its dividend policy from time to time.

PENSIONS

The Group does not have any defined benefit pension schemes and only has defined contribution pension arrangements in place. Following the implementation of UK pensions auto enrolment in October 2013, pension costs increased from £1.0m in 2013 to £1.3m in 2014 due to the full year impact of the increased membership.

ACQUISITIONS

In October 2014 the Group acquired 100% of the business and assets of Ferrob Limited. The Company is involved in the public sector housing ventilation market within the UK. The consideration was £0.3m cash and a contingent consideration which is dependent upon the level of sales during the year following acquisition. The contingent consideration is estimated to be £0.4m. Ferrob's pre and post acquisition revenue and operating loss for the year ended 31 December 2014 were £1.1m and £0.2m respectively.

Subsequent to the year end, in January 2015 the Group acquired 100% of the share capital of Surestop Limited, a company which manufactures and supplies a range of patented water mains switch-off devices. The cash consideration of £6.0m included payment for £0.9m net cash at completion. Surestop's pre acquisition revenue and operating profit for the year ended 31 December 2014 was £2.1m and £0.7m respectively.

GOING CONCERN

The Group continues to meet its day-to-day working capital and other funding requirements through a combination of long-term funding and cash deposits. The Group's bank financing facilities are a £120m five year term loan and a £40m committed revolving credit facility (undrawn at December 2014). Both the term loan and revolving credit facility expire in March 2019.

After making due enquiry, the Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue operational existence for the foreseeable future and therefore adopt the going concern principle.

RISKS AND UNCERTAINTIES

The Board continually assesses and monitors the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance have not changed from those which are set out in detail in Part 1 ("Risk Factors") of the Group's IPO prospectus dated 11 April 2014 (the "Prospectus").

A copy of the Prospectus is available on the Group's website, www.polypipe.com

FORWARD LOOKING STATEMENTS

Certain statements in this full year report are forward looking. Although the Group believes that the expectations reflected in these forward looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. We undertake no obligation to update any forward looking statements, whether as a result of new information, future events or otherwise.

Peter Shepherd
Chief Financial Officer

PRINCIPAL RISKS & UNCERTAINTIES

FRAMEWORK FOR MANAGING RISK

The Board is responsible for ensuring that the Group maintains an effective risk management system. It determines the Group's approach to risk, its policies and the procedures that are implemented to mitigate exposure to risk.

PROCESS

The Board continually assesses and monitors the key risks in the business and Polypipe has developed a risk management framework to identify, report, and manage its principal risks and uncertainties. This includes the recording of all principal risks and uncertainties on a Group Risk Register and a Group Risk Profile which are both updated at least every six months. Risks are fully analysed, allocated owners, and scored for both impact and probability to determine the exposure to the business, which should be prioritised, and what mitigation is required.

External risks include economic conditions, the weather, Government action, policies and regulation and raw material prices. Internal risks include dependencies on key customers and retention of key personnel.

The Board seeks to mitigate the Group's exposure to strategic, financial and operational risk, both external and internal. The effectiveness of key mitigating controls are continually monitored and subjected to periodic testing by the Group Financial Controller.

The table below highlights the principal risks and uncertainties that could have a material impact on the Group's performance and prospects and the mitigating activities which are aimed at reducing the impact or likelihood of a major risk materialising. The Board does recognise, however, that it will not always be possible to eliminate these risks entirely.

Risk	Potential Impact	Mitigations
Raw material prices		
The Group is exposed to volatile raw material prices, particularly polymers, due to fluctuations in the market price of crude oil and other petroleum feedstocks, exchange rate movements, and changes to suppliers' manufacturing capacity.	Any increase in the market price of crude oil and other petroleum feedstocks, exchange rate movements, and changes to suppliers' manufacturing capacity could have a direct impact on the prices the Group pays for raw materials which could adversely affect its operating margins and cash flow.	The Group seeks to pass on raw material price increases to its customers wherever possible. There is usually at least a three month time period from notification by the supplier of the raw material price increase before selling prices can be actioned in the market. Competitors of the Group are likely to experience similar levels of polymer cost increases.
Business Disruption		
The Group's manufacturing and distribution operations could be subjected to disruption due to factors including incidents such as fire, failure of equipment, power outages, strikes, or unexpected or prolonged periods of severe weather.	Incidents such as fires, failure of equipment, power outages, strikes or unexpected severe weather (due to flooding, snow or high winds) could result in the temporary cessation in activity or disruption at one of the production facilities impeding the Group's ability to deliver its products to its customers, adversely affecting its financial results. In addition, prolonged periods of severe weather could result in a slowdown in site construction activity reducing the demand for the Group's products and adversely affecting its financial results.	The Group has developed business continuity, crisis response, and disaster recovery plans. The Group has the ability to transfer some of its production to alternative sites and could also subcontract out some of its tooling to reduce any potential loss in production capacity. The Group maintains a significant amount of insurance to cover business interruption and damage to property from such events.

Risk	Potential Impact	Mitigations
Reliance on key customers		
Some of the Group's businesses are dependent on key customers in highly competitive markets.	Failure to manage relationships with key customers, whilst continuing to provide high quality products delivered on time in full, and developing new innovative products could lead to a loss of business affecting the financial results of the Group.	The Group's strategic objective is to broaden its customer base wherever possible. The Group focuses on delivering exceptional customer service and maintains strong relationships with major customers through direct engagement at all levels. The Group maintains customer service matrices which are continually tracked and monitored and intervention made where required. The Group closely manages its pricing, rebates, and commercial terms with its customers to ensure that they remain competitive. The Group continually seeks to innovate and develop its product lines to ensure its products are the best in the industry.
Recruitment and Retention of Key Personnel		
The Group is dependent on the continued employment and performance of our Executive Management Team and other key skilled personnel.	Loss of any key personnel without adequate and timely replacement could disrupt business operations and the Group's ability to implement and deliver its growth strategies.	The Group has a formal succession plan in place ensuring progression through the Group. The Group aims to provide competitive remuneration packages and bonus schemes to retain and motivate key personnel.
Economic Conditions		
The Group is dependent on the level of activity in the construction industry and is therefore susceptible to any changes in its cyclical economic conditions.	Lower levels of activity within the construction industry could reduce sales and production volumes adversely affecting the Group's financial results.	The Group closely monitors trends in the industry, invests in market research and is an active member of the Construction Products Association. The Group uses Construction Products Association and Euroconstruct forecasts in its budgeting process. The Group closely manages its demand forecasts and costs through weekly operational review meetings.

PRINCIPAL RISKS & UNCERTAINTIES

Risk	Potential Impact	Mitigations
Government Action and Policy		
The Group is in part dependent on Government action and policies relating to public and private investment and is therefore susceptible to changes in Government spending priorities.	Significant downward trends in Government spending on public and private investment arising from economic uncertainty and ongoing austerity policies could have an adverse impact on the construction industry which could impact on sales and production volumes affecting the Group's financial results.	The Group's strategy is to have its operations structured so that it has a balanced exposure to the residential, commercial and infrastructure construction sectors so as to reduce the impact of any adverse Government action or policy on any one of the construction sectors. The Group closely monitors trends in the industry, invests in market research and is an active member of the Construction Products Association. The Group closely manages its demand forecasts and costs through weekly operational review meetings.
Government regulations and standards relating to the manufacture and use of building materials		
The Group is subject to the requirements of UK and European environmental and occupational safety and health laws and regulations, including obligations to investigate and clean up environmental contamination on or from properties.	Failure of the Group to comply with changes to environmental regulations and other obligations relating to environmental matters could result in the Group being liable for fines, require modification to operations, increase manufacturing and delivery costs, and could result in the suspension or termination of necessary operational permits, thereby impacting the Group's financial results.	The Group has a formal Health, Safety & Environmental policy, and procedures are in place to monitor compliance with the policy. The Group performs internal environmental audits and is subjected to external environmental audits on a periodic basis. The Group performs weekly and monthly reporting on key Health, Safety & Environmental matters.
Product Liability		
The Group manufactures products that are potentially vital to the safe operation of its customers' products or processes. These are often incorporated into the fabric of a building or dwelling, or buried in the ground as part of an infrastructure system and in each case, it would be difficult to access, repair, recall or replace such products.	A product failure or recall could result in a liability claim for personal injury or other damage leading to substantial money settlements, damage to the Group's brand reputation, costs and expenses and diversion of key management's attention from the operation of the Group, which could all affect the Group's financial results.	The Group operates comprehensive quality assurance systems and procedures at each site. Wherever required, the Group obtains certifications over its products to the relevant national and European standards including Kitemarks, BBAs, WRCs and WRACs. The Group maintains product liability insurance to cover personal injury and property damage claims from product failures.

Risk	Potential Impact	Mitigations
Financial Risk Management The Group's operations expose it to a variety of financial risks that include the effects of:		The Group has in place financial risk management procedures that seek to limit the adverse effects of the financial risks as follows:
Price risk (considered in raw material prices above). **Foreign Exchange risk** – The risk that the fair value of a financial instrument or future cash flows will fluctuate because of changes in foreign exchange rates. The Group's risk relates primarily to its operating activities where the revenue or expense is denominated in a currency other than the functional currency of the entity undertaking the transaction.	**Foreign Exchange risk** – Exchange rate fluctuations may adversely affect the Group's results.	**Foreign exchange risk** – The Group enters into forward currency contracts for the purchase and sale of foreign currencies in order to manage its exposure to fluctuations in currency rates primarily in respect of US Dollars and Euros. It is not possible for the Group to mitigate exchange rate differences which impact the translation of its overseas subsidiaries' results and net assets as all of the Group's long-term borrowings are Sterling denominated.
Credit risk – The Group is exposed to credit risk from its trading activities (primarily from trade receivables) and from its financing activities, including deposits with banks.	**Credit risk** – The failure of a counterparty to meet their financial obligations could lead to a financial loss for the Group.	**Credit risk** – Customer credit risk is managed by each subsidiary subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major export customers are generally covered by letters of credit or credit insurance. Credit risk arising from cash deposits with banks are managed by the Group's finance department. Investments of surplus funds are made only with banks that have as a minimum a single A credit rating.
Liquidity risk – The risk that the Group will not be able to meets its financial obligations as they fall due.	**Liquidity risk** – Insufficient funds could result in the Group not being able to fund its operations.	**Liquidity risk** – The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
Interest rate risk – The risk that interest rates could rise impacting on the Group's financial costs.	**Interest rate risk** – Increases to interest rates could result in significant additional interest rate payments being required on any borrowings.	**Interest rate risk** – To reduce the Group's exposure to future increases in interest rates, the Group has entered into interest rate swaps from variable to fixed interest rates.

CORPORATE RESPONSIBILITY & SUSTAINABILITY

APPROACH

Polypipe's philosophy is to enhance Shareholder value whilst ensuring we provide safe working environments and continually seeking to minimise the impact of our operations and products on the environment.

The Board considers that operating efficiently with high quality standards includes promoting high standards of health and safety and helping to protect the environment.

This section of the strategic report sets out our approach to corporate responsibility and includes regulatory information on carbon emissions, employee diversity and our policies in relation to the recruitment of and retention of our employees.

EMPLOYMENT

Our vision for our businesses and employees is to have a culture of customer focused continuous improvement, driven by teamwork, effective communication and personal development. Our core values are hard work, honesty, trust and integrity and maintaining a working environment based on mutual respect.

Polypipe is committed to providing the appropriate skills and technical training which allow employees to operate effectively and safely in their roles and deliver excellent customer service. As part of our commitment to customer service excellence, 150 employees received Institute of Customer Service training during the year.

Our aim is to harvest talent and developing our people is fundamental to the successful growth of Polypipe. Polypipe has consistently provided apprenticeships to the communities around our businesses by supporting enthusiastic, highly motivated people who are keen to learn a trade. We have an outstanding record of retaining apprentices in ongoing, long-term, full-time employment, indeed several of our management team started with the Company as apprentices. We consider it an essential part of finding and retaining people with the sector specific skills that we need now and in the future.

We increased our efforts to find new talent in the UK during 2014 and out of our current 18 apprentices, 11 of those are embarking on their first year programmes with us. By increasing our input of bright, new talent we envisage a more driven and ambitious team of skilled people dedicated to the future of our business. The majority of our apprenticeships are learning essential trades such as electrical, mechanical and tool-making disciplines that are required at the heart of any successful manufacturing firm but we have also introduced other apprenticeship disciplines vital to supporting other parts of the business.

Polymer processing Level 3 qualifications designed by Polypipe in partnership with Telford College were introduced into the business to create an in-depth understanding of the fundamental approach to polymer processing and the problems associated with manufacturing such materials. The programme resulted in 30 operatives obtaining a Level 3 QCF qualification. In addition to this programme, 53 employees also completed a Level 2 NVQ qualification to enhance their skills and to encourage lifelong learning. Underlining our commitment to advanced manufacturing engineering, we have recently also placed apprentices at the new Advanced Manufacturing Research Centre at the University of Sheffield, a state-of-the-art centre which offers the very best in practical and academic training.

The Group involves employees through formal and informal systems of communication and consultation. Each of our main operating sites has display boards which set out our continuous improvement strategy and include KPIs updated each month on relevant areas to the strategy such as health and safety performance, products and process improvement initiatives and customer satisfaction performance.

Eligible employees are able to participate in the Group's SAYE schemes which are aimed to encourage the involvement of employees in improving the Group's performance and to benefit from that improved performance.

Whilst the Group does not have a specific human rights policy, people are treated in line with Internationally proclaimed human rights principles.

The Group gives every consideration to applicants for employment regardless of their sex, sexual orientation, religion, colour, race, nationality, marital status or disability having regard for their aptitude and ability to adequately carry out the job whilst maintaining a safe working environment. Where employees become disabled, the Group endeavours to employ them provided there are duties they can perform, bearing in mind their disability.

The Group's split between male and female employees at 31 December 2014 is shown below:

	Female	Male	Total
Directors	1	6	7
Senior Managers	34	127	161
Employees	448	1,562	2,010
Total	**483**	**1,695**	**2,178**

HEALTH AND SAFETY

The Group aims to continuously improve the quality and safety of the working environment for all employees. The Group has a published Health and Safety Policy which sets out the overriding principles of health and safety for all employees. The business units operate to externally accredited to ISO/OHSAS standards.

Health and Safety achievements in the year included:

- RoSPA Gold Award. The Group achieved RoSPA gold award for exceptional performance and dedicated support for health and safety within the organisation.
- RoSPA Archangel Award. The Group occupational health nurse received the prestigious accolade of Archangel Award which reflects and rewards the contribution of the individual who regularly goes beyond her work requirements and is dedicated to providing excellent care for all employees in the business.

Following a focused review of transport and trailer safety, significant improvements have been made across the Group including new equipment purchased, structural modifications and work processes amended.

The Group operates a formal system for reporting and recording hazards and near misses. The 'See it, Sort it, Report it' scheme encourages individuals across the business at all levels to report hazards and suggest solutions, and allows trends to be analysed.

Significant work has been carried out restructuring the format and delivery of safe systems of work to all employees.

Accident frequency performance and details of any over three day accidents are reviewed during the weekly Executive meeting attended by the Executive Directors and certain senior managers and by the Board at each meeting.

The table below sets out the KPIs used by the Group to monitor accident performance:

	2012	2013	**2014**
Frequency per 100,000 hours worked			
– all accidents	11.20	11.56	**9.87**
– RIDDORS*	0.75	0.67	**0.64**

* HSE reportable accidents and dangerous occurrences based on the current seven day absence from work reporting requirement in the UK and although there is no direct equivalent in Continental Europe and the Middle East the same definition is applied.

CORPORATE RESPONSIBILITY & SUSTAINABILITY

THE ENVIRONMENT AND GREENHOUSE GAS EMISSIONS

We aim to minimise the lasting impact of our operations on the environment, and sustainability is a key feature of our products and their impact on the environment. See pages 18 to 21 for further details of our sustainable solutions for the environment.

During the year our Civils business in Horncastle commissioned a new polymer reprocessing plant which converts domestic household plastic waste into a cleansed form that is used to manufacture our products in place of virgin polymer. The benefit of this new plant helped to improve our quality by reducing our dependence on externally sourced recycled polymer. The use of recycled and reprocessed polymer across across the Group increased to 34.5% of our polymer consumption in 2014 from 33.1% in 2013.

Our modern and efficient injection moulding and extrusion operations use significant amounts of electricity. We monitor very closely our electricity usage, even at a machine level, and take a proactive approach to improve energy efficiency. During 2014 our energy usage increased by 6.4% which was below the increase in tonnage throughput.

The Group collects electricity and natural gas usage information from each operation on a monthly basis. Department for Environment, Food and Rural Affairs (DEFRA) published national carbon conversion factors are then used to calculate the total tonnage of Carbon Dioxide Equivalent ("CO_2e") produced.

The financial control consolidation approach has been used to report our greenhouse gas emissions data. This method aligns with the reporting scope in the financial statements. All entities and facilities under financial control are included within the disclosure. Emissions <1% of the Group's total CO_2e relating to fugitive emissions such as refrigeration gasses and emissions from our vehicles are not material and have been excluded. As such, there are no material omissions from this disclosure.

Scope 1 emissions in the year amounted to 13,602 tCO_2e (2013: 13,714 tCO_2e). The intensity ratio amounted to 0.11 (2013: 0.13). Scope 1 emissions are direct emissions resulting from fuel usage and the operation of facilities.

Scope 2 emissions in the year amounted to 37,219 tCO_2e (2013: 34,005 tCO_2e). The intensity ratio amounted to 0.30 (2013: 0.32). Scope 2 emissions are indirect energy emissions resulting from purchased electricity, heat, steam or cooling for own use.

The sum of both Scope 1 and Scope 2 emissions in the year amounted to 50,821 (2013: 47,719 tCO_2e) based on 2014 emission factors for both years. The combined intensity ratio amounted to 0.41 (2013: 0.45).

RELATIONSHIPS WITH OUR CUSTOMERS AND SUPPLIERS

Suppliers are key to our business and we endeavour to build long-term relationships with them based on trust. We will seek to extend our supplier base if risks of under capacity or resilience arise in our supply chain. Polypipe has no significant suppliers who are wholly dependent on the Group's business. Suppliers are paid in line with contractual obligations.

We stay close to our existing and potential customers and distributors and strive to meet their needs. Our businesses are focused on achieving market leading delivery service levels for our customers and on responding quickly to their emerging requirements.

POLYPIPE AND THE LOCAL COMMUNITY

Each operation is aware of its role within its local community. Wherever possible they seek to recruit locally and retain a skilled local workforce. They are encouraged to build relationships with local community organisations and to support charitable initiatives. These activities range from the organisation of our Annual Charity Sailing Regatta in which over 600 people from our customers and associates participated, a number of charity cycle events through to quiz nights and cake sales. Our employees raised over £30,000 for worthwhile causes during the year from these activities.

Charitable donations by Group companies during the year were £11,000 (2013: £11,000).

ANTI-BRIBERY AND CORRUPTION POLICY

The Group seeks to prohibit all forms of bribery and corruption within its business and complies with the requirements of all applicable Bribery and Corruption Laws.

The Group requires all relevant employees and agents to confirm each year that they remain in compliance with the Group's Anti-Bribery and Corruption Policy.

This Strategic Report has been approved by the Board of Directors.

David Hall
Chief Executive Officer
26 March 2015

PICTURED
Continued strong demand from the road sector in 2014 including highway improvement programmes

OUR GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors comprises a Non-Executive Chairman, two Executive Directors and four Non-Executive Directors. The details of each of the Directors are set out below:

ALAN THOMSON

Non-Executive Chairman

Committees: Nomination, Remuneration

Alan Thomson is Chairman of the Board, a position he has held since October 2007. Mr Thomson will step down as our Chairman at the 2015 Annual General Meeting. Prior to joining us, Mr Thomson was Group Finance Director at Smiths Group plc where he worked for a period of 11 years. Prior to joining Smiths Group plc he was, for three years, Group Finance Director at Rugby Group plc. In October 2014, Mr Thomson resigned from his directorship at HSBC Bank plc. Mr Thomson is currently Chairman of Bodycote plc and Hays plc and is a Non-Executive Director of Alstom SA. Mr Thomson was formerly President of the Institute of Chartered Accountants of Scotland and qualified with the Institute of Chartered Accountants of Scotland in 1970. Mr Thomson has a Master of Arts in Economics and History from Glasgow University.

DAVID HALL

Chief Executive

Committees: Nomination

David Hall is our Chief Executive, a position he has held since September 2005. Mr Hall was employed with the Group from January until December 2004, leaving to work with Castle Harlan in connection with the original buyout until returning to the Group as CEO. Previously, he held two Managing Director positions with UK subsidiaries of Etex (now Aliaxis), which at that time was the world's largest manufacturer of plastic pipes and fittings. Mr Hall has more than 20 years of experience in the UK building products industry and brings to Polypipe extensive managing experience and an in-depth knowledge of the plastic pipes market and the wider construction industry. Mr Hall has a Bachelor of Science degree in Mechanical Engineering.

PETER SHEPHERD

Chief Financial Officer

Peter Shepherd is our Chief Financial Officer, a position he has held since January 2006. Mr Shepherd qualified as a Chartered Accountant with PricewaterhouseCoopers in 1981. Before joining our Group he was the Group Finance Director of McKechnie Limited, a private equity backed aerospace and plastics component manufacturing group where he worked for a period of eight years. Prior to joining McKechnie he was, for seven years, Group Financial Controller and Tax Manager of Wagon plc, an automotive component and storage products manufacturing group. Mr Shepherd has a Bachelor of Commerce degree from Liverpool University.

RON MARSH

Senior Independent Director

Committees: Nomination, Remuneration, Audit

Ron Marsh was appointed to our Board of Directors on 28 March 2014. Mr Marsh is currently a Non-Executive Director of British Polythene Industries plc and was, from 1989 until 2013, Chief Executive of RPC Group. Mr Marsh is also Chairman of the UK based Packaging Federation. Mr Marsh has over forty years' experience in the manufacturing sector. Mr Marsh has a Bachelor of Arts in History from Oxford University.

MONI MANNINGS

Non-Executive Director

Committees: Audit, Remuneration, Nomination

Moni Mannings was appointed to our Board of Directors on 28 March 2014 as a Non-Executive Director and is Chair of the Remuneration Committee. Mrs Mannings is currently a senior partner of Olswang LLP and has been a partner there since 2000. Mrs Mannings is also a Non-Executive member of the boards of the Solicitors Regulation Authority and Cranfield University. Mrs Mannings has a Bachelor of Laws from the University of Southampton.

PAUL DEAN

Non-Executive Director

Committees: Audit, Remuneration, Nomination

Paul Dean was appointed to our Board of Directors on 28 March 2014 as a Non-Executive Director and Chair of the Audit Committee. Mr Dean is also a Non-Executive Director of Porvair plc, Focusrite plc and Wincanton plc; he is Audit Chair at Porvair plc and Focusrite plc and is Senior Independent Director at Porvair plc. Mr Dean was Group Finance Director of Ultra Electronics Holdings plc from 2009 to 2013. Previously he had the same role at Foseco Group from 2001 to 2008, including when it floated in 2005. Mr Dean has a Master of Arts in History from Oxford University.

MARK HAMMOND

Non-Executive Director (Non-independent)

Committees: Audit, Remuneration, Nomination

Following listing, Mark Hammond was appointed as a Non-Executive Director of our Board of Directors. Mr Hammond is Deputy Managing Partner of Caird Capital LLP which is the adviser to Cavendish Square Partners LP. Mr Hammond joined HBOS plc in June 2003 and served as Head of Integrated Finance from 2006 until 2010. Prior to joining HBOS plc, Mr Hammond held roles with Gresham Trust plc, The Royal Bank of Scotland plc and PricewaterhouseCoopers where he qualified with the Institute of Chartered Accountants of Scotland in 1991. Mr Hammond graduated with a Master of Arts in Economics and Accountancy from the University of Aberdeen in 1988. Mr Hammond has previously been a Director of The Big Green Parcel Holding Company Limited and David Lloyd Leisure Group Limited.

COMMITTEES AND PROFESSIONAL ADVISERS

In addition to the Polypipe Group plc Board, there are three Committees and various professional advisers, the details of which are listed below.

COMMITTEES

Audit Committee	Paul Dean (Chair), Ron Marsh, Moni Mannings and Mark Hammond
Remuneration Committee	Moni Mannings (Chair), Ron Marsh, Mark Hammond and Alan Thomson
Nomination Committee	Alan Thomson (Chair), David Hall, Ron Marsh, Paul Dean, Moni Mannings and Mark Hammond

PROFESSIONAL ADVISERS

Company Secretary	Capita Company Secretarial Services
Joint Brokers	Deutsche Bank and Numis Securities
External Auditor	Ernst and Young LLP
Registrars	Capita Asset Services

INTRODUCTION FROM THE CHAIRMAN

DEAR SHAREHOLDER

I am pleased to present the Company's Corporate Governance report for the year ended 31 December 2014.

This year has been one of transformation for the Polypipe Group. In April 2014, our Company successfully listed on the London Stock Exchange. As part of the preparation for this listing, the Board appointed four new Non-Executive Directors. The Board recognises that in order to achieve our strategic goals, it is vital that we have the correct balance of skills and experience in order to provide strong leadership to the Company and effective support to David Hall and his Executive team. Since the appointment of the Non-Executive Directors earlier this year, we believe we are well placed to achieve our strategic goals and to provide effective leadership to the Company as a Public Company. Biographical details for all Board members can be found on pages 36 to 37.

During the year we have undertaken a review of the performance of the Board and Committees and have shared any actions which have arisen from this review with individual Directors. Details of the performance evaluation can be found on page 43.

The following report explains the main features of the Company's governance structure to enable a greater understanding of how the principles and provisions of the UK Corporate Governance Code ("2012 UK Code") have been applied and to provide insight into how the Board and management team run the business for the benefit of the Shareholders.

I hope that you will find this Corporate Governance report both helpful and informative.

Alan Thomson
Chairman
26 March 2015

CORPORATE GOVERNANCE STATEMENT

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE

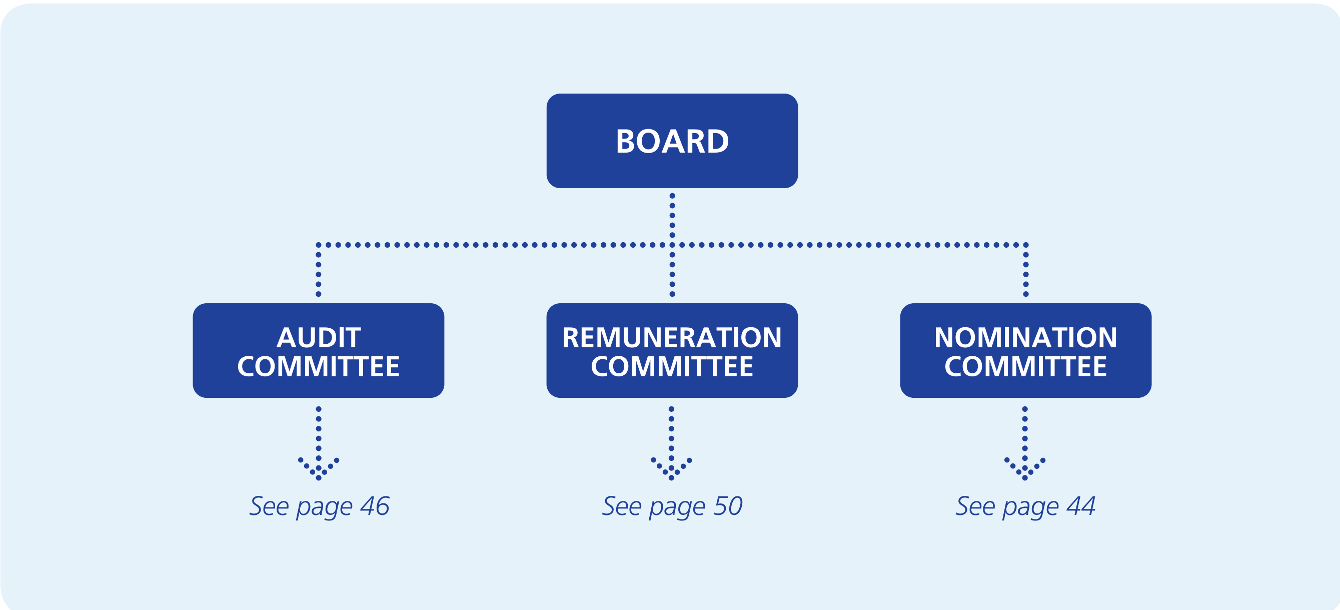
The principles and provisions of the UK Code as issued by the Financial Reporting Council ("FRC") in September 2012 are applicable to the year under review and can be viewed at www.frc.org.uk. Since the Company's admission to the London Stock Exchange, the Board has complied with the 2012 UK Code.

In accordance with the Listing Rules of the UK Listing Authority, the Board confirms that throughout the year ended 31 December 2014 and as at the date of this report, the Company has complied with the main principles and applied the provisions of the Code save for as set out below:

(i) Code Provision C.3.1 and D.2.1 – Mark Hammond, Non-Executive Director is a member of the Audit Committee and the Remuneration Committee. The Board considers that the experience provided by Mark Hammond is valuable for both of these Committees notwithstanding that he is not considered to be "independent".

(ii) Code provision E.1.1 – The views of major Shareholders are communicated by the Chief Financial Officer to the Non-Executive Directors at all Board meetings so that they remain in touch with Shareholder opinion and are able to make decisions on governance and strategy taking into account Shareholders' views. As at 31 December 2014, the Senior Independent Director has not yet attended meetings with major Shareholders. However, it is intended that the Senior Independent Director will attend meetings with major Shareholders in early 2016.

POLYPIPE'S GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE STATEMENT

HOW THE BOARD WORKS

The Board and its Committees

The Board is responsible for the leadership and direction of the Group and is ultimately responsible to the Company's Shareholders for the Group's long-term success. The Board takes the lead in areas such as strategy, financial policy and making sure we maintain a sound system of internal control. By delegating authority to its Committees, the Board directs and reviews the Group's operations within an agreed framework of controls, allowing risks to be assessed and managed within agreed parameters.

The Board has established a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its principal committees: the Audit, Remuneration and Nomination Committees. These are clearly defined within the terms of reference of the respective committees. The schedule of matters reserved for the Board and the Terms of Reference for each of the Committees are available on the Company's website at: www.polypipe.com

The schedule of matters reserved for the Board include the consideration and approval of:

- Strategy and overall management and leadership of the Group;
- Financial items – including the Group's annual budget, dividend policy, annual and half yearly accounts, accounting policies, and monetary limits;
- Risk management system and internal controls;
- Contracts with third parties not in the ordinary course of business:
- Legal, administration and pension arrangements
- The Group's corporate governance arrangements, the application of the Company's share options schemes as recommended by the Remuneration Committee, D&O insurance and the commencement or settlement of any litigation;
- Communications with Shareholders and the issue of Shareholder circulars;
- Board and senior management appointments and arrangements; and
- Authorising conflicts of interest where permitted by the Company's articles of association

The Board has direct access to the Company Secretary and may take independent professional advice in the furtherance of its duties if necessary.

Board Composition, Qualification and Experience

The Board is made up of the Non-Executive Chairman, two Executive Directors and four Non-Executive Directors. Details of the individual Directors can be found on pages 36 to 37. In addition, Paul Rice served as a Director of the Company from 11 July 2007 until 10 April 2014.

The Non-Executive Directors were appointed for the diversity of their backgrounds as well as their personal attributes and experience. The current Board members bring a wide range of skills and experience to the Board and all actively contribute in discussion.

The Board considered that the following Directors were independent during the period:

1. Ron Marsh
2. Paul Dean
3. Moni Mannings

The Chairman, Alan Thomson, was considered to be independent on appointment in accordance with the 2012 UK Code. At all times during the year under review, the Company adhered to 2012 UK Code provision B.1.2 which provides that at least half of the Board excluding the Chairman must be independent and in the case of smaller companies, should have at least two independent Non-Executive Directors. As Polypipe Group plc is outside of the FTSE 350, it is considered to be a small company.

In accordance with section 111 of the Company's Articles of Association, at the 2015 AGM, the Board is proposing that all of the Directors will be subject to re-election with the exception of the Chairman Alan Thomson who will be stepping down from the Board at the next AGM.

Role of the Chairman and Chief Executive

The roles and responsibilities of the Chairman and the Chief Executive are separate and clearly defined.

It is the Chairman's duty to provide overall leadership and governance of the Board. In performing this role, the Chairman sets the Board agenda, ensures that adequate time is available for discussion of all agenda items and promotes a culture of openness and debate at Board meetings. The Chairman is also responsible for ensuring that the Directors have an understanding of the views of major Shareholders.

The Chief Executive is responsible for executive management of the Group's business, consistent with the strategy and commercial objectives agreed by the Board. He leads the Group Executive team in effecting decisions of the Board and its Committees and is responsible for the maintenance and protection of the reputation of the Group. The Chief Executive is also responsible for conducting the affairs of the Group with the highest standards of integrity, probity and corporate governance.

Interaction between the Chairman and the Chief Executive

As noted above, the roles of the Chairman and the Chief Executive Officer are separate with a distinct division of responsibilities. The partnership between Alan Thomson and David Hall is based on mutual trust and facilitated by regular contact between them. The separation of authority enhances independent oversight of the Executive management by the Board and helps to ensure that no one individual on the Board has unfettered authority.

Role of the Senior Independent Director

The Senior Independent Director ("SID") is Ron Marsh who is available to Shareholders if they have concerns that cannot be addressed through normal channels. The role of the SID is to act as a sounding board for the Chairman and an intermediary for the other Directors when necessary. The SID is also available to chair the Board in the absence of the Chairman. Whilst there were no requests from Shareholders or Directors for access to the SID during the year, the role of the SID is considered to be an important check and balance on the Group's governance structure.

Appointment and Tenure

The Non-Executive Directors serve on the basis of letters of appointment which are available for inspection at the Company's registered office. The letters of appointment set out the expected time commitment of the Non-Executive Directors who, on appointment, undertake that they have sufficient time to meet what is expected of them. There is no fixed expiry date and no notice period in their letters of appointment.

The Executive Directors' service contracts are also available for inspection at the Company's registered office. The notice period for the Executive Directors is 12 months.

Directors' Induction and Training/Professional Development

On appointment Directors receive an induction programme which involves meeting with the Chairman and key members of the senior management team and attendance at the Company's sites. The Company Secretary provides guidance, and facilitates the provision of training where necessary, in relation to Directors' duties under the Companies Act 2006 and on other legal, regulatory and governance matters.

Directors' Conflicts of Interest

Each Director has a duty under the Companies Act 2006 to avoid a situation where he or she may have a direct or indirect interest that conflicts with the interests of the Company and to disclose any transactional conflicts that may arise. The Company has robust procedures in place to identify, authorise and manage such conflicts of interest, and these procedures have operated effectively during the year.

All potential conflicts approved by the Board are recorded in an Interests Register which is maintained by the Company Secretary and reviewed by the Board on a regular basis. Directors have a continuing duty to update the Board with any changes to their conflicts of interest.

Directors' Indemnity and Insurance

Details of the Directors' indemnity arrangements can be found on page 68 of the Directors' report.

CORPORATE GOVERNANCE STATEMENT

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and for maintaining sound risk and internal control systems. The effectiveness of these systems is also reviewed through the work of the Audit Committee described on pages 47 to 49.

The key risks which the Board has focused on this year together with their potential impact and mitigating actions are set out in the Risk Management report on pages 26 to 29.

Since IPO, the Company has made an additional appointment to develop Internal Audit and a Risk Management Framework. This Risk Management Framework adopts a top down and a bottom up view of the key risks which involves both the downward cascade and upward escalation of risks between Group and the Business Units. It comprises a revised risk register template, a risk profile template and assessment guidelines to be used by both the Group and Business Units when considering risk. It also includes a detailed approach to formally recording and independently assessing Group level risks.

The Board has conducted a review of the effectiveness of the system of internal controls and risk management and is satisfied that it complies with Principle C.2 of the UK Code.The Board is also satisfied that its risk processes are in accordance with the FRC's "Internal Control: Revised Guidance for Directors on the Combined Code".

BOARD MEETINGS

The Board met regularly during the period between the IPO in April 2014 and the end of the year holding six Board meetings and a number of other meetings and teleconferences to discuss and review progress on issues affecting the Group. A number of Board Committee meetings were also held during this period. Details of attendance at these Board and Committee meetings since the IPO are shown in the table below.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Director	**Attendance**	**Attendance**	**Attendance**	**Attendance**
Alan Thomson	6 of 6	–	3 of 3	1 of 1
David Hall	6 of 6	–	–	1 of 1
Peter Shepherd	6 of 6	–	–	–
Ron Marsh	6 of 6	2 of 2	3 of 3	1 of 1
Moni Mannings	6 of 6	2 of 2	3 of 3	1 of 1
Paul Dean	6 of 6	2 of 2	3 of 3	1 of 1
Mark Hammond	6 of 6	2 of 2	3 of 3	1 of 1

Every effort is made to ensure that all Directors, where possible, attend scheduled Board meetings. In the event that a Director is unable to attend a meeting, they are nevertheless provided with the meeting papers and information relating to the meeting and are able to discuss the issues arising with the Chairman and other Directors.

Senior management from across the Group, and advisers, attend some of the meetings for discussion of specific items in greater depth.

In order to provide the Board with greater visibility of the Group's operations and to provide further opportunities to meet senior management, the Board intends to visit at least one of the Group's business unit locations each year. Such visits allow the Board to gain a deeper understanding of local market dynamics and to assess management performance and potential. During the year the Board visited the Group's operations in Loughborough, Horncastle and Doncaster in the UK and Seppois-le-bas in France.

Board Committees

Prior to the IPO, the Company established the Nomination Committee as an addition to the Audit Committee and the Remuneration Committee which were already in existence. The role and responsibilities of each Board Committee are set out in formal Terms of Reference. These Terms of Reference are available on the Company's website at www.polypipe.com. The Board Committees make recommendations to the Board as they see fit.

Board Evaluation and Effectiveness

In accordance with Code Provision B.6.1, the Board and its Committees underwent their first internal evaluation conducted by the Company Secretary under the direction of the Chairman and the Senior Independent Director. The Company Secretary distributed a tailored, high level questionnaire for the Directors' completion. The questionnaire was structured to provide Directors with an opportunity to express their views about:

1. The performance of the Board and its Committees, including how Directors work together as a whole.
2. The balance of skills, independence and knowledge of the Directors.
3. Director self-assessment and training needs.

A report on the findings of the performance evaluation was prepared by the Company Secretary and presented to the Board in December 2014. The Board acknowledged that in some cases it was too early to make judgements on the effectiveness of the Committees, in particular the Nomination Committee, as it had held only one meeting as at the date of the performance evaluation. It is intended that a more in-depth performance evaluation will be carried out in 2015.

Notwithstanding the above, the Board has considered each of the Directors to be effective and to demonstrate commitment to his or her role.

Shareholder Engagement

Responsibility for Shareholder relations rests with the Chief Financial Officer. The Chief Financial Officer in conjunction with the joint brokers, ensure that there is effective communication with Shareholders and maintains an active dialogue with investors through a planned programme of investor relations activities. As part of the investor relations programme, formal meetings with investors are scheduled to discuss the Group's interim and final results. In the intervening periods, the Company continues its dialogue with the investor community by meeting key investor representatives.

Following these meetings, the Chief Financial Officer provides an update to the Board so that the Non-Executive Directors gain a better understanding of the views of major Shareholders. In addition, reports from the Company's joint brokers are tabled at Board meetings for discussion.

ANNUAL GENERAL MEETING

The Company's first AGM is to be held on 27 May 2014 at The Holiday Inn Doncaster A1(M) Jct 36, High Road, Warmsworth, Doncaster, DN4 9UX. All Shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM.

The AGM is the Company's principal forum for communication with private Shareholders. The Chairman of the Board and the Chair of each of the Committees, together with senior management, will be available to answer Shareholders' questions at the AGM.

The notice of AGM will be sent out to Shareholders at least 20 working days before the meeting. Results will be announced to the London Stock Exchange via an RIS announcement and published on the Company's website.

Re-election of Directors

At the AGM, all Directors (with the exception of the Chairman, Alan Thomson) will retire and submit themselves for re-election. As a result of the Board evaluation exercise, as Chairman I am satisfied that each Director continues to show the necessary level of commitment to the Group and has sufficient time available to fulfil his or her duties, to justify their re-election.

Alan Thomson
Chairman
26 March 2015

INTRODUCTION FROM THE CHAIR OF THE NOMINATION COMMITTEE

I am pleased to present the report of the Nomination Committee for 2014. The Committee was established as part of the governance framework adopted by the Company prior to the admission of its shares on the premium segment of the London Stock Exchange in April 2014.

COMMITTEE COMPOSITION

The Committee comprises the Chairman, all the Non-Executive Directors and the Chief Executive Officer. The Chairman of the Board normally chairs this Committee except where it is dealing with his own reappointment or replacement. The Company Secretary acts as Secretary to the Committee. In the last year, the Committee met once post-Admission. The members of the Committee and details of their attendance at Committee meetings are set out on page 45. Biographies of each member are shown on pages 36 to 37.

ROLE OF THE COMMITTEE

The principal role of the Nomination Committee is to review the composition of the Board and plan for its succession as applicable with regard to composition, balance and structure. The Committee is also asked to lead, on behalf of the Board, the selection process for new Board appointments and to make recommendations in respect of such appointments while maintaining an appropriate balance of diversity and skills.

In accordance with its terms of reference, the Nomination Committee is required to:

1) Review the structure, size and composition of the Board and make recommendations to the Board, as appropriate.
2) Consider succession planning for Directors and other senior Executives, taking into account the challenges and opportunities facing the Group and the future skills and expertise needed on the Board.
3) Review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
4) Identify the balance of skills, knowledge, diversity and experience on the Board and nominate candidates to fill Board vacancies.
5) Review the time commitment required from Non-Executive Directors.
6) Review the results of the Board performance evaluation process that relates to the composition of the Board.

The Committee's full terms of reference are available on the Company's website at www.polypipe.com.

REPORT OF THE NOMINATION COMMITTEE

MAIN ACTIVITIES DURING THE YEAR

Prior to the Company's IPO, the Nomination Committee appointed an Executive Search Firm, Zygos, with whom the Company has no other connection, to seek candidates to fill three Non-Executive Board positions. Following a series of interviews, the Committee agreed to recommend to the Board the appointment of Ron Marsh, Moni Mannings and Paul Dean as Non-Executive Directors of the Company. The Committee also agreed that Mark Hammond, a partner in Caird Capital, a major investor in the Company, would also join the Board following the IPO as a Non-Independent Director.

In the Company's Prospectus, it was disclosed that I would step down as Chairman at the AGM in May 2015. In preparation for my departure, the Nomination Committee has considered who would be a suitable replacement. After much consideration, the Committee agreed that Ron Marsh possessed the necessary skills, knowledge and experience and to recommend to the Board that he be appointed as the new Chairman of the Company effective from 28 May 2015. In order to ensure that the Committee could discuss the subject of my replacement in an open manner, Ron Marsh and I did not participate in these discussions.

The Nomination Committee felt there was sufficient interest from within the Board to appoint a new Chairman and it was therefore unnecessary to use an external search consultancy or open advertising for the recruitment of this position.

Following Cavendish Square Partners' sales of 10% of the Company's share capital in December 2014, the Nomination Committee considered the re-appointment of Mark Hammond as a Non-Independent Director of the Company. The Nomination Committee agreed that Mr Hammond provides a valuable contribution to the Board and recommended his re-appointment. The Board agreed that Mr Hammond would be re-appointed, subject to approval by shareholders at the Company's AGM.

In accordance with the Company's articles of association, all of the Company's Directors will stand for election at the forthcoming Annual General Meeting ("AGM"). In addition, the Company has agreed to comply with Provision B.7.1 of the 2012 UK Code so that each Director will be subject to annual re-election. The Committee considers that the performance of each of the Directors standing for re-election at the 2015 AGM continues to be effective and demonstrates commitment to their roles.

NON-EXECUTIVE DIRECTOR APPOINTMENT PROCESS

The Company adopted a formal, rigorous and transparent procedure for the appointment of new Directors and senior Executives with due regard to diversity. It is our belief that having Executives and Non-Executives on the Board that are diverse in age, experience, nationality or gender provides significant benefits to the organisation.

Prior to making an appointment, the Committee will evaluate the balance of skills, knowledge, expertise and diversity required on the Board, and in light of this assessment, will prepare a description of the role and capabilities required, with a view to appointing the most suitable candidate. The Committee uses open advertising or the services of external recruitment agencies to facilitate the search and considers candidates on merit, and against objective criteria ensuring that appointees have sufficient time to devote to the position in light of their other significant commitments and have no conflicts of interest.

A long list of possible candidates will be drawn up, from which an appropriate number will be shortlisted for interview based upon their fulfilment of the appointment criteria. The Committee will then recommend to the Board the appointment of the preferred candidate for subsequent approval.

SUCCESSION PLANNING

A key task of the Committee is to keep under review the Company's succession plans for members of the Board over the short, medium and long term to ensure the Board remains appropriately balanced between new and innovative thinking and longer-term stability.

Board appointment criteria are considered automatically as part of the Committee's approval on succession planning. The Committee believes that limited tenure and the subsequent enforced retirement of Directors is not always appropriate, and matters of Director tenure are viewed on a case by case basis

At present, the Board has not set any specific aspirations in respect of general diversity although it believes that refreshment of the Board should take account of diversity in all its forms.

Details of diversity within our workforce, including at Board and Executive management level, can be found on page 30.

TENURE OF NON-EXECUTIVE DIRECTORS

Appointments to the Board are made for an initial term of three years and are ordinarily limited to three consecutive terms in office.

PRIORITIES FOR 2015

In accordance with the objective of continuously refreshing the composition of the Board, the Committee will consider during 2015 the appointment of a new Senior Independent Director.

Alan Thomson
Chair of the Nomination Committee
26 March 2015

INTRODUCTION FROM THE CHAIR OF THE AUDIT COMMITTEE

DEAR SHAREHOLDER

The Committee is appointed by the Board from its Non-Executive Directors. Our Committee has focused on the integrity of Polypipe's financial reporting, risk management and internal controls, and the quality of the internal and external audit processes. We will continue to keep our activities under review to ensure that we comply with any changes in the regulatory environment.

In April 2014, the Polypipe Group was admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. Prior to the Group's flotation, Ernst & Young (EY) undertook a Financial Position and Prospects review. Their review recommended only two areas which required action. The first of these was to introduce an internal audit function and the second was to formalise a Group Finance Manual which would include appropriate practices for all areas of financial reporting and delegated authority limits. Both of these recommendations were reviewed by the Committee and have now been completed.

The Board has asked the Committee to oversee the process for determining whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable.

As a result of its work undertaken during the year and taking into account the result of the performance evaluation (further details on page 43), the Committee considers that it has acted in accordance with its Terms of Reference and has ensured the independence, objectivity and effectiveness of the external and internal auditors.

I will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Paul Dean
Chair of the Audit Committee
26 March 2015

REPORT OF THE AUDIT COMMITTEE

ROLE AND RESPONSIBILITIES

The full responsibilities of the Committee are set out in its Terms of Reference which is available on the Group's website, http://ir.polypipe.com.

The key responsibilities of the Committee are to:

- Assist the Board with the discharge of its responsibilities in relation to internal and external audits;
- Monitor and review the Group's internal control and risk management systems;
- Monitor and review the effectiveness of the Group's internal audit function;
- Monitor the integrity of the financial statements of the Group including its annual and half-yearly reports, interim management statements, preliminary results announcements and any other formal announcements relating to its financial performance, and reviewing significant financial reporting issues and judgements;
- Where requested by the Board, review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's performance, business model and strategy;
- Consider the scope of the annual audit and the extent of the non-audit work undertaken by the external Auditor;
- Consider and make recommendations to the Board, to be put to Shareholders for approval at the Annual General Meeting, in relation to the appointment, reappointment and removal of the Group's external Auditor; and
- Oversee the relationship with the external Auditor.

COMMITTEE MEMBERSHIP AND MEETINGS

The Committee is appointed by the Board and comprises four Non-Executive Directors. With the exception of Mark Hammond, the remaining Committee members are considered independent in accordance with provision C.3.1. of the UK Corporate Governance Code.

In accordance with the requirements of provision C.3.1. of the UK Corporate Governance Code, Paul Dean is designated as the Committee member with recent and relevant financial experience. All other members of the Committee are deemed to have the necessary ability and experience to understand the financial statements.

The Committee discharges its responsibilities through a series of scheduled formal meetings during the year. Each meeting has a formal agenda which is linked to the events in the financial calendar of the Group. Attendees at each of the meetings are the Committee members as well as, by invitation, the Group's Chairman, the Chief Financial Officer, the Group Financial Controller, and the external auditor, EY. The Company Secretary is also Secretary to the Audit Committee.

During the year, the Committee held two formal meetings post-Admission in accordance with its terms of reference. There was also a separate meeting between the Audit Chair, the Chief Financial Officer, and the Group Financial Controller. In line with best practice, the Committee twice met with the EY Audit Partner without management being present. In addition, the Chair of the Audit Committee had two further meetings with the EY Audit Partner outside of the Committee meetings.

GOVERNANCE

The effectiveness of the Committee was considered as part of the Board and Committee evaluation detailed on page 43. At its meeting in March 2015, the Committee considered the contents of the review and concluded that the evaluation had found the Committee to operate effectively and provide robust challenge to the business.

MAIN ACTIVITIES OF THE COMMITTEE DURING THE YEAR

As part of the process of working with the Board to carry out its responsibilities and to maximise effectiveness, meetings of the Committee normally take place prior to the Board meetings.

At these meetings the Committee focused on the following areas:

Financial Reporting

During the year, two Committee meetings were held prior to the Board meetings to approve the Group's interim and annual financial statement announcements and to consider the financial reporting judgements made by the management. These considerations are made through review of the accounting papers and financial reports prepared by management and reports prepared by the Group's external Auditor.

The Committee also reported to the Board that it considered that, taken as a whole, the 2014 Annual Report was fair, balanced and understandable and included the necessary information to assess the performance and strategy of the Group.

REPORT OF THE AUDIT COMMITTEE

Significant areas of judgements

The significant judgements reviewed by the Committee in respect of the year under review were as follows:

- **Provisions for customer rebates** – The Committee considered the subjectivity and recognition of customer rebates during the year and the subsequent interim and year end provisions;
- **Deferred taxation** – The Committee considered the recognition of a deferred tax asset in relation to the Group's non-trading losses; and
- **Goodwill impairment** – The Committee considered the assumptions used in determining whether goodwill required impairment for any of the Business Units. This included a review of the discount rate and growth factors used to calculate the discounted cash flow calculation, the sensitivity analysis applied, and the projected future cash flows used to support the carrying value of the goodwill.

Internal control, internal audit and risk management

A Group Financial Controller was recruited to strengthen internal control and risk management processes within the business. The recruitment process included an interview with the Audit Committee Chair.

The Group Financial Controller has, since his appointment, deployed a Group Finance Manual and a Risk Management Framework document. The Group Financial Controller has commenced internal audit testing to a plan approved by the Committee in November 2014 which includes a review of the key controls and compliance with the Group Finance Manual for each Business Unit.

The Committee has reviewed the content of the Group Finance Manual prior to its implementation including a review of the Group's delegated authority limits. The Committee has also reviewed and approved the scope of the internal audit work programme in relation to the Group's internal controls and procedures.

The Group's risk assessment process including how significant financial risks are managed and mitigated is a key area of focus for the Committee. During the year under review, the Committee has monitored and reviewed the Group's risk management development which has included the approval of a formal Risk Management Policy and Risk Management Framework.

Other activities

Other activities undertaken by the Committee during the year included the following:

- Reviewed the non-audit services policy;
- Considered the external audit plan;
- Reviewed the insurance policies in place to protect the Group;
- Reviewed the Committee's performance, effectiveness and constitution; and
- Recommended the Audit Committee Report for approval by the Board.

EXTERNAL AUDIT

Appointment

The Committee carefully considers the reappointment of the Auditor each year prior to making their recommendation to the Shareholders. As part of this process, the Committee considers the independence of the Auditor, the effectiveness of the external audit process, its remuneration, and the terms of engagement. Having reviewed the performance of EY in 2014 and information from management regarding the audit fees paid, the Committee has decided to recommend to the Board that EY should be reappointed for the 2015 audit and a resolution to this effect will be put to the 2015 AGM.

In accordance with current professional standards, the external Auditor is required to change the lead partner every five years in order to protect auditor independence and objectivity. EY were awarded the external audit in 2012 following a competitive tendering process and therefore no rotation of the lead partner is required until 2017. In accordance with the recent changes to the UK Corporate Governance Code, CMA order and EU Audit Directive. it is the Group's intention to put the audit out to tender at least every ten years.

Independence

The independence of the external Auditor has been confirmed by EY in November 2014 and March 2015 at the Audit Committee meetings. The Committee considered EY's presentation on auditor independence and confirmed that it considered the Auditor to be independent.

Non-audit services

Prior to the IPO, EY acted in an advisory capacity to provide services in relation to the IPO. The split of audit and non-audit fees paid to EY during the year is set out in note 7 to the Group financial statements. EY do not provide taxation services for the Group; this is provided by Deloitte LLP which increases the auditor objectivity and independence.

Following the IPO, a non-audit services policy has been developed to exclude the external Auditor from performing future non-audit services (with the exception of performing the interim review and local overseas filings of less than £10k). This further increases auditor objectivity and independence. Going forward, any significant non-audit services will be awarded via a competitive tender process.

Effectiveness of the external audit process

The Committee adopted a formal process for reviewing the effectiveness of EY during the year under review. This process included the following:

- An assessment of the engagement partner and the audit team;
- A review of the audit approach, scope, determination of significant risk areas and materiality;
- The execution of the audit;
- Interaction with management and communication with and support to the Committee;
- The quality of any recommendation points; and
- A review of independence, objectivity and scepticism.

After considering the above matters, the Committee considered that the audit had been effective and recommended to the Board that EY be reappointed as external Auditor to the Group.

FRAUD, WHISTLE-BLOWING AND THE BRIBERY ACT

The Committee monitors any reported incidents under its whistle-blowing policy. This policy is included in the Employee Handbook and sets out the procedure for employees to raise legitimate concerns about any wrongdoing in financial reporting or other matters such as:

- Something that could be unlawful;
- A miscarriage of justice;
- A danger to the health and safety of any individual;
- Damage to the environment; or
- Improper conduct.

There were no concerns raised up to Group level which required the attention of the Committee during the year.

The Committee also reviews the Group's procedure for detecting fraud and the systems and controls in place to prevent a breach of anti-bribery legislation. The Group Finance Manual sets out the procedures to which employees must adhere and is aimed at reducing the risk of fraud from occurring. The Group is committed to a zero-tolerance position with regard to bribery. Those employees which the Group considers more likely to be exposed to potential breaches of its Group policy and statutory obligations under the UK Bribery Act have been provided with relevant guidance on compliance with their obligations. The Group maintains a record of all employees who have received this guidance and requests annual confirmations from each individual stating that they have complied with the Group's anti-bribery policies.

INTRODUCTION FROM THE CHAIR OF THE REMUNERATION COMMITTEE

DEAR SHAREHOLDER

I am pleased to present our first remuneration report since listing on the London Stock Exchange in April 2014. The report is split into two sections in line with legislative reporting regulations:

- **The Policy Report** – contains details of the various components of our future pay structure. The Policy Report will be subject to a binding shareholder vote at our 2015 Annual General Meeting.
- **The Annual Report on Remuneration** – contains details of pay received by Directors in 2014 and also contains full details of how we intend to implement our pay policy during 2015. The Annual Report on Remuneration will be subject to an advisory vote at the 2015 AGM.

This report is compliant with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013, the UK Listing Authority Listing Rules and consistent with the 2012 UK Corporate Governance Code.

REVISIONS TO REMUNERATION AT ADMISSION

Remuneration practice is very different in the listed company environment and, over the past year, we have reviewed remuneration arrangements for the Executive Directors and other senior executives in this context.

Prior to listing, the Company undertook a full review of our remuneration arrangements and a number of changes were made including the following:

- Executive Director salaries were adjusted at Admission so as to be competitive, but not excessive, compared to peers and other companies of an equivalent size and complexity. Levels of pension provision were similarly adjusted;
- Our annual bonus scheme for Executive Directors was adapted to incorporate best practice features for listed companies including a maximum cap of 125% of salary for the CEO / 100% of salary for the CFO, the requirement for 25% of any bonus to be deferred into shares for up to three years and malus and clawback provisions.
- A new Long-Term Incentive Plan (LTIP) was introduced at Admission which contains leading best practice features such as flexibility for the Committee to apply a holding period at the end of a standard three year performance period and malus and clawback provisions.

PERFORMANCE IN 2014

The financial and operating performance of Polypipe in 2014 is set out on pages 78 to 112.

Based on the Group's strong financial performance during the year, the Committee determined that the Executive Directors had earned 88.7% of the maximum potential annual bonus in respect of 2014 performance. As outlined above, 25% of this bonus will be deferred in shares.

PAY DECISIONS FOR 2015

The proposed pay structure for our Executive Directors for 2015 is outlined on pages 61 to 62. Key decisions made by the Committee in relation to 2015 include:

- The award of a 2.5% salary increase for Executive Directors. This is consistent with the average increase awarded to the Polypipe UK workforce for 2015.
- At the request of the Executive Directors, they will not be granted an award under the LTIP in 2015. This decision reflects the significant shareholding in Polypipe that the Directors already hold which ensures their interests are already fully aligned with the interests of other Shareholders.

SHAREHOLDER ENGAGEMENT

We take a keen interest in our Shareholder views on executive remuneration and, in this context, the Committee will establish ongoing dialogue with our major Shareholders and their representatives.

I hope you will find this report to be clear and helpful in understanding our remuneration practices and that you will be supportive of the resolutions relating to remuneration at the AGM.

Moni Mannings
Chair of the Remuneration Committee
26 March 2015

ANNUAL REPORT ON REMUNERATION POLICY

This part of the report sets out our Directors' Remuneration Policy (Policy). This Policy will be subject to a binding shareholder vote at the 2015 AGM and will apply to payments made to Directors from 27 May 2015. The information provided in this section of the Remuneration Report is not subject to audit.

POLICY TABLE

The following table sets out details of each component of the Executive Director remuneration package. Our aim is to provide pay packages that will:

- Promote the long-term success of the Group.
- Encourage and support a high performance culture.
- Reward delivery of the Group's business plan and our key strategic and operational goals.
- Motivate and retain our industry leading employees.
- Attract high quality individuals to join the Group.
- Align our employees with the interests of Shareholders and other external stakeholders.

Consistent with these aims, the Committee has agreed a remuneration policy for Executive Directors, whereby:

- salaries will be set at competitive, but not excessive, levels compared to peers and other companies of an equivalent size and complexity;
- performance-related pay, based on stretching targets, will form a significant part of remuneration packages;
- there will be an appropriate balance between rewards for delivery of short-term and longer-term performance targets taking into account, where relevant, existing shareholdings.

Purpose and link to strategy	Operation	Maximum Opportunity	Performance conditions[1]
Fixed pay			
Base salary To appropriately recognise responsibilities and attract and retain talent by ensuring salaries are market competitive.	Generally reviewed annually with any increase normally taking effect from 1 January although the Committee may award increases at other times of the year if it considers it appropriate. The review takes into consideration a number of factors, including (but not limited to): ○ The individual Director's role, experience and performance. ○ Business performance. ○ Market data for comparable roles in appropriate pay comparators. ○ Pay and conditions elsewhere in the Group.	No absolute maximum has been set for Executive Director base salaries. Current Executive Director salaries are set out in the Annual Report on Remuneration section of this Remuneration Report. Any annual increase in salaries is at the discretion of the Committee taking into account the factors stated in this table and the following principles: ○ Salaries would typically be increased at a rate consistent with the average salary increase for UK employees. ○ Larger increases may be considered appropriate in certain circumstances (including, but not limited to, a change in an individual's responsibilities or in the scale of their role or in the size and complexity of the Group). ○ Larger increases may also be considered appropriate if a Director has been initially appointed to the Board at a lower than typical salary.	None

ANNUAL REPORT ON REMUNERATION POLICY

Purpose and link to strategy	Operation	Maximum Opportunity	Performance conditions[1]
Benefits To provide market competitive benefits.	Benefits currently include company car (or car allowance) and fuel (or fuel allowance), phone costs, income protection insurance, private family medical insurance, permanent health insurance and life assurance of four times annual salary. The Committee has discretion to add to or remove benefits provided to Executive Directors. Executive Directors are entitled to reimbursement of reasonable expenses. Executive Directors also have the benefit of a qualifying third party indemnity from the Company and directors' and officers' liability insurance.	There is no overall maximum as the level of benefits depends on the annual cost of providing individual items in the relevant local market and the individual's specific role.	None.
Pension To provide market competitive retirement benefits.	Current policy is for the Company to either contribute to the Group Pension Plan / a personal pension scheme and/or provide a cash allowance in lieu of pension.	Executive Directors receive a pension-related contribution of up to 20% of salary.	None.

Purpose and link to strategy	Operation	Maximum Opportunity	Performance conditions[1]
Variable pay			
Annual bonus[2], [3] To link reward to key financial and operational targets for the forthcoming year. Additional alignment with Shareholders' interests through the operation of bonus deferral.	The Executive Directors are participants in the annual bonus plan which is reviewed annually to ensure bonus opportunity, performance measures and targets are appropriate and supportive of the business plan. No more than 75% of an Executive Director's annual bonus is delivered in cash following the release of audited results and the remaining amount is deferred into an award over Company shares under the Deferred Share Bonus Plan. - Deferred awards are usually granted in the form of conditional share awards or nil-cost options (and may also be settled in cash). - Deferred awards usually vest in two equal tranches two and three years after award although may vest early on leaving employment or on a change of control (see later sections). - An additional payment (in the form of cash or shares) may be made in respect of shares which vest under deferred awards to reflect the value of dividends which would have been paid on those shares during the vesting period (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis). The cash bonus will be subject to recovery and/or deferred shares will be subject to withholding at the Remuneration Committee's discretion in exceptional circumstances where within three years of the bonus determination or before the vesting of each tranche of deferred shares a material misstatement or miscalculation comes to light which resulted in an overpayment under the annual bonus plan or if evidence comes to light of material misconduct by an individual or if evidence emerges of a material health & safety breach.	The maximum award that can be made to an Executive Director under the annual bonus plan is 125% of salary. Details for the next financial year are set out in the Annual Report on Remuneration section of this Remuneration Report.	The bonus is based on performance assessed over one year using appropriate financial, operational and individual performance measures. The majority of the bonus will be determined by measures of Group financial performance. The selected measures for the next financial year are set out in the Annual Report on Remuneration section of this Remuneration Report. A sliding scale of targets is set for each Group financial measure with payout at no more than 25% for threshold financial performance increasing to 100% for maximum performance. The remainder of the bonus will be based on financial, strategic or operational measures appropriate to the individual Director. The selected measures for the next financial year are set out in the Annual Report on Remuneration section of this Remuneration Report.

ANNUAL REPORT ON REMUNERATION POLICY

Purpose and link to strategy	Operation	Maximum Opportunity	Performance conditions[1]
Long-Term Incentive Plan (LTIP)[3], [4] To link reward to key strategic and business targets for the longer term and to align executives with Shareholders' interests	Awards are usually granted annually under the LTIP to selected senior executives. Individual award levels and performance conditions on which vesting will be dependent are reviewed annually by the Remuneration Committee. Awards may be granted as conditional awards of shares, nil-cost options (or, if appropriate, as cash-settled equivalents). Awards normally vest or become exercisable at the end of a period of at least three years following grant although may vest early on leaving employment or on a change of control (see later sections). The Committee has flexibility at its discretion to add an additional holding period after a performance period before awards vest. An additional payment (in the form of cash or shares) may be made in respect of shares which vest under LTIP awards to reflect the value of dividends which would have been paid on those shares during the vesting period (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis). LTIP awards will be subject to withholding or recovery at the Remuneration Committee's discretion in exceptional circumstances where before the later of the vesting of an award and the second anniversary of the end of the performance period a material misstatement or miscalculation comes to light or if evidence comes to light of material misconduct by an individual or if evidence emerges of a material health & safety breach.	The maximum annual award permitted under the LTIP is shares with a market value (as determined by the Committee) of 200% of salary. Each year the Remuneration Committee determines the actual award level for individual senior executives within this limit. Details of awards to Executive Directors for the next financial year are set out in the Annual Report on Remuneration section of this Remuneration Report.	All LTIP awards granted to Executive Directors must be subject to a performance condition. Vesting of Executive Directors' LTIP awards would be dependent on measures which could include Group earnings, return on capital employed and total Shareholder return with the precise measures and weighting of the measures determined by the Committee ahead of each award. If LTIP awards are proposed to be granted to Executive Directors in the forthcoming financial year, these details would be disclosed in the Annual Report on Remuneration section of this Remuneration Report. Performance will usually be measured over a performance period of at least three years. For achieving a 'threshold' level of performance against a performance measure, no more than 25% of the portion of the LTIP award determined by that measure will vest. Vesting then increases on a sliding scale to 100% for achieving a maximum performance target.
Sharesave Plan[3] To create staff alignment with the Group and promote a sense of ownership.	UK tax-approved monthly savings scheme facilitating the purchase of shares through share options at a discounted exercise price by all eligible UK employees. Executive Directors are eligible to participate on the same basis as other UK employees.	Monthly saving limit of £500 (or such other limit as may be approved from time to time by HMRC) under all savings contracts held by an individual.	The Sharesave scheme is structured in accordance with HMRC requirements so has no performance conditions but requires participants to make regular savings into a savings contract.

Purpose and link to strategy	Operation	Maximum Opportunity	Performance conditions[(1)]
Share Incentive Plan (SIP)[(3)] To create staff alignment with the Group and promote a sense of ownership.	UK tax-approved plan under which the Board may: ○ give Free Shares or ○ offer the opportunity for employees to use their pre-tax salary to buy Partnership Shares or ○ offer employees additional Matching Shares in proportion to Partnership Shares bought or ○ allow or require reinvestment of dividends received on shares held in the SIP into Dividend Shares. Executive Directors are eligible to participate on the same basis as other UK employees.	SIP awards would be subject to the prevailing limits approved by HMRC which are currently: ○ Partnership Shares – £1,800 per annum ○ Matching Shares – maximum 2:1 match to Partnership Shares bought ○ Free Shares – £3,600 per annum	The SIP is structured in accordance with HMRC requirements so has no performance conditions although the award of Free Shares can be based on the satisfaction of a pre-award performance target.

Notes to table:

(1) The Committee may amend or substitute any performance condition(s) if one or more events occur which cause it to determine that an amended or substituted performance condition would be more appropriate, provided that any such amended or substituted performance condition would not be materially less difficult to satisfy than the original condition (in its opinion). In the event that the Committee was to make an adjustment of this sort, a full explanation would be provided in the next Remuneration Report.

(2) Performance measures – annual bonus. The annual bonus measures are reviewed annually and chosen to focus executive rewards on delivery of key financial targets for the forthcoming year as well as key strategic or operational goals relevant to an individual. Specific targets for bonus measures are set at the start of each year by the Remuneration Committee based on a range of relevant reference points, including, for Group financial targets, the Company's business plan and are designed to be appropriately stretching.

(3) The Committee may: (a) in the event of a variation of the Company's share capital, demerger, special dividend or dividend in specie or any other corporate event which it reasonably determines justifies such an adjustment, adjust; and (b) amend the terms of awards granted under the share schemes referred to above in accordance with the rules of the relevant plans (which were summarised for Shareholders in the Company's IPO Prospectus). Share awards may be settled by the issue of new shares or by the transfer of existing shares. In line with prevailing best practice at the time this Policy Report is approved, any issuance of new shares is limited to 5% of share capital over a rolling ten year period in relation to discretionary employee share schemes and 10% of share capital over a rolling ten year period in relation to all employee share schemes.

(4) Performance measures – LTIP. The LTIP performance measures will be chosen to provide alignment with our longer term strategy of growing the business in a sustainable manner that will be in the best interests of Shareholders and other key stakeholders in the Company. Use of earnings and return on capital employed measures is designed to reward management for delivery of key financial measures of Company success that should result in sustainable value creation. Use of a total shareholder measure aligns management with the interests of our Shareholders. Targets are considered ahead of each LTIP grant by the Remuneration Committee taking into account relevant external and internal reference points and are designed to be appropriately stretching.

(5) The Committee reserves the right to make any remuneration payments and payments for loss of office notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed: (a) before the policy came into effect; or (b) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

(6) The Committee may make minor amendments to the policy set out in this Policy Report (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining Shareholder approval for that amendment.

ANNUAL REPORT ON REMUNERATION POLICY

DIFFERENCES IN POLICY FROM BROADER EMPLOYEE POPULATION

A greater proportion of Executive Directors' potential wealth is 'at risk', either through their existing shareholding or through LTIP awards than for our employees generally and a greater proportion determined by performance than for our employees generally. However, common principles underlie the pay policy through the Company including for the Executive Directors. In particular, we place great emphasis throughout the Company on reward being linked to performance (either Group performance or performance of an individual's business) and on encouraging share ownership (through participation in the LTIP or an all-employee share scheme).

NON-EXECUTIVE DIRECTORS

Purpose and link to strategy	Operation	Opportunity
Non-Executive Director (NED) fees To appropriately recognise responsibilities by ensuring fees are market competitive.	NED fees comprise payment of an annual basic fee and additional fees for further Board responsibilities such as: ○ Senior Independent Director ○ Chair of Audit Committee ○ Chair of Remuneration Committee The Chairman of the Board receives an all-inclusive fee. No NED participates in the Group's incentive arrangements or pension plan or receives any other benefits other than where travel to the Company's registered office is recognised as a taxable benefit in which case a NED may receive the grossed-up costs of travel as a benefit. Non-executive Directors are entitled to reimbursement of reasonable expenses. Fees are reviewed every three years. Non-Executive Directors also have the benefit of a qualifying third party indemnity from the Company and directors' and officers' liability insurance.	Fees are set at an appropriate level that is market competitive and reflective of the responsibilities and time commitment associated with specific roles. No absolute maximum has been set for individual NED fees. Current fee levels are set out in the Annual Report on Remuneration section of this Remuneration Report. The Company's Articles of Association provide that the total aggregate fees paid to the Chairman and NEDs will not exceed £600,000.

ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

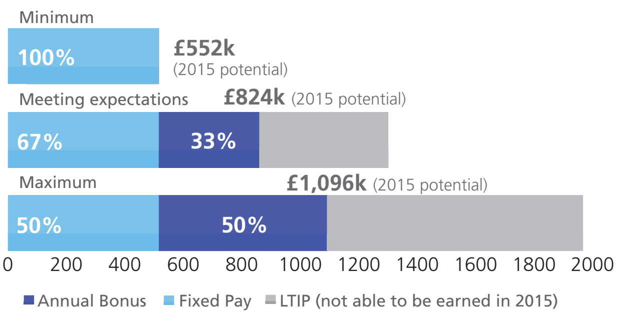
The *implementation of remuneration policy in 2015* section of the Annual Report on Remuneration details how the Remuneration Committee intends to implement the remuneration policy during 2015.

The charts below illustrate, in three assumed performance scenarios, the total value of the remuneration package potentially receivable by David Hall and Peter Shepherd in relation to 2015. This comprises salary and benefits plus an annual bonus of up to a maximum of 125% of salary for David Hall and 100% of salary for Peter Shepherd. David Hall and Peter Shepherd at their request will not receive an LTIP award in 2015.

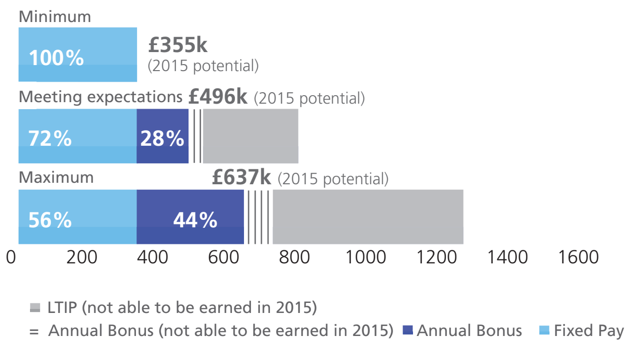
To comply with legislative reporting requirements, the charts are also required to provide details of pay that could theoretically be delivered if the Committee had adopted the maximum interpretation of the remuneration policy i.e. if both of the Directors were entitled to the maximum permitted annual bonus opportunity (125% of salary) and if both received the maximum permitted LTIP award (200% of salary) as set out in the Policy Table above. These additional elements are shown as separate bars in the charts below but the Remuneration Committee wishes to make clear to Shareholders that these additional elements are not representative of values that could be receivable by the current CEO and CFO in relation to 2015.

The charts are for illustrative purposes only and actual outcomes may differ from that shown. LTIP awards have been shown at face value, with no share price growth or discount rate assumptions. All-employee share plans have been excluded. The totals shown in the charts relate to the potential value receivable by the current Directors in relation to 2015.

David Hall (£000)



Peter Shepherd (£000)



Assumed performance	Assumptions used
All performance scenarios (Fixed pay) *Consists of total fixed pay, including base salary, benefits and pension*	○ Base salary – salary effective as at 1 January 2015 ○ Benefits – the value of benefits received in 2014 have been included ○ Pension – 20% of salary
Minimum performance (Variable pay)	○ No pay-out under the annual bonus ○ No vesting under the LTIP
Performance in line with expectations (Variable pay)	○ 50% of the maximum pay-out under the annual bonus ○ 50% vesting under the LTIP
Maximum performance (Variable pay)	○ 100% of the maximum pay-out under the annual bonus ○ 100% vesting under the LTIP

ANNUAL REPORT ON REMUNERATION POLICY

APPROACH TO RECRUITMENT REMUNERATION

Principles

In determining remuneration arrangements for new appointments to the Board (including internal promotions), the Committee will apply the following principles:

- The Committee will take into consideration all relevant factors, including the experience of the individual, market data and existing arrangements for other Executive Directors, with a view that any arrangements should be in the best interests of both the Company and our Shareholders, without paying more than is necessary.
- Typically, the new appointment will have (or be transitioned onto) the same package structure as the other Executive Directors, in line with the Policy Table.
- Upon appointment, the Committee may consider it appropriate to offer additional remuneration arrangements in order to secure the appointment. In particular, the Committee may consider it appropriate to 'buy out' terms or remuneration arrangements forfeited on leaving a previous employer (discussed below).
- The Committee may provide costs and support if the recruitment requires relocation of the individual.
- Where an Executive Director is an internal promotion, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of or merger with another company, legacy terms and conditions would be honoured.

Maximum level of variable pay

The maximum level of variable remuneration which may be granted to new Executive Directors in respect of recruitment shall be limited to the maximum permitted in the Policy Table, namely 325% of their annual salary. This limit excludes any payments or awards that may be made to buy out the Director for terms, awards or other compensation forfeited from their previous employer (discussed below).

Buyouts

To facilitate recruitment, the Remuneration Committee may make a one-off award to buy out compensation arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of all relevant factors, including any performance conditions attached to incentive awards, the likelihood of those conditions being met, the proportion of the vesting/performance period remaining and the form of the award (e.g. cash or shares). The overriding principle will be that any replacement buyout award should be of comparable commercial value to the compensation which has been forfeited. However, such buyout awards would only be considered where there is a strong commercial rationale to do so.

Components and approach

The remuneration package offered to new appointments may include any element listed in the Policy Table, or any other element which the Committee considers is appropriate given the particular circumstances, with due regard to the best interests of Shareholders subject to the limits on variable pay set out above.

In considering which elements to include, and in determining the approach for all relevant elements, the Committee will take into account a number of different factors, including (but not limited to) market practice, existing arrangements for other Executive Directors and internal relativities. If appropriate, different measures and targets may be applied to a new appointment's annual bonus in their year of joining.

The Committee would seek to structure buyout and variable pay awards on recruitment to be in line with the Company's remuneration framework so far as practical but, if necessary, the Committee may also grant such awards outside of that framework as permitted under Listing Rule 9.4.2 subject to the limits on variable pay set out above. The exact terms of any such awards (e.g. the form of the award, time frame, performance conditions, and leaver provisions) would vary depending upon the specific commercial circumstances.

Recruitment of Non-Executive Directors

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will normally be in line with the structure set out in the Policy Table for Non-Executive Directors. However, the Committee (or the Board as appropriate) may include any element listed in the Policy Table, or any other element which the Committee considers is appropriate given the particular circumstances, with due regard to the best interests of Shareholders.

SERVICE CONTRACTS

Key terms of the current Executive Directors' service agreements and Non-Executive Directors' letters of appointment are summarised in the table below. It is envisaged that any future appointments would have equivalent contractual arrangements unless otherwise stated in this Policy Report.

Provision	Policy
Notice period	Executive Directors – 12 months' notice by either the Company or the Executive Director. Non-Executive Directors – at the Company's discretion, Non-Executive Directors may have a notice period of up to three months. The Non-Executive Directors appointed at Admission do not have a notice period in their letters of appointment.
Termination payment	Following the serving of notice by either party, the Company may terminate employment of an Executive Director with immediate effect by paying a sum equal to salary and, in the case of Peter Shepherd only, benefits for the notice period (or remainder of the notice period). Unless dismissed for gross misconduct, David Hall and Peter Shepherd are contractually entitled to a prorated bonus for the period of service in the year to which their termination ends calculated at the end of the bonus year and payable in the normal way. This is a legacy clause within their existing service agreements which would not be incorporated within the service agreements of future Executive Director appointments. Non-Executive Directors are only entitled to receive any fee accruing in respect of their period up to termination.
Expiry date	Executive Directors have rolling 12 months' notice periods so have no fixed expiry date. Non-Executive Directors' letters of appointment have no fixed expiry date.

Under the Relationship Agreement, Cavendish Square Partners Limited Partnership have the right to nominate one person to be its Representative Director on the Board until the later of 12 months from Admission and the point at which Cavendish ceases to hold an interest, either direct or indirect, in 20% or more of the aggregate voting rights in the Company from time to time.

Each Director will retire and put themselves forward for re-election at the first Annual General Meeting of the Company.

All Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office at Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES.

POLICY ON PAYMENT FOR LOSS OF OFFICE

In relation to payments under non-contractual incentive schemes, the Committee would take the following factors into account:

- The Committee may determine that the Executive Director is eligible to receive a bonus in respect of the financial year in which they cease employment. This bonus would usually be time apportioned. In determining the level of bonus to be paid, the Committee may, at its discretion, take into account performance up to the date of cessation or over the financial year as a whole.
- The treatment of outstanding share awards is governed by the relevant share plan rules as summarised below.

Deferred Share Bonus Plan

- On cessation of employment, unvested shares will vest in full unless the Remuneration Committee determines otherwise.
- On a change of control, unvested shares will vest in full.
- If other corporate events occur such as a demerger, delisting, special dividend, voluntary winding-up or other event which in the opinion of the Committee may affect the current or future value of shares, the Committee will determine whether unvested shares should vest.

ANNUAL REPORT ON REMUNERATION POLICY

LTIP

- On cessation of employment, unvested awards will lapse unless cessation is as a result of death, ill health, injury, disability, transfer of employing company or business to which an individual's employment relates out of the Group or any other scenario in which the Remuneration Committee determines at its discretion that good leaver treatment is appropriate (other than circumstances justifying summary dismissal). In these scenarios, unvested awards will usually continue until the normal vesting date unless the Committee determines that the award should vest earlier and will vest to an extent that takes into account the performance condition assessed at the date of vesting and, unless the Committee determines otherwise, to an extent that takes into account the period of time between grant of the award and cessation of employment.
- On a change of control, unvested LTIP awards will vest immediately to an extent that takes into account the performance condition assessed at the change of control and, unless the Committee determines otherwise, to an extent that takes into account the period of time between grant of the award and the change of control.
- If other corporate events occur such as a demerger, delisting, special dividend, voluntary winding-up or other event which in the opinion of the Committee may affect the current or future value of shares, the Committee will determine whether unvested LTIP awards should vest. If they do vest, they will vest immediately to an extent that takes into account the performance condition assessed at the date of the event and, unless the Committee determines otherwise, to an extent that takes into account the period of time between grant of the award and the date of the event.

Sharesave Plan

- Options become exercisable immediately on death, ceasing employment due to injury, disability, retirement, redundancy, sale of the employing company or business to which an individual's employment relates out of the Group or on a change of control/ voluntary winding-up of the Company.

SIP

- The Board can at its discretion provide that Free Shares will be forfeited if an employee ceases to be employed by the Group within a period of up to three years after award for any reason other than injury, disability, redundancy, transfer of the employee's business or company out of the Group, retirement or on death.
- The Board can at its discretion provide that Matching Shares will be forfeited if an employee withdraws the associated Partnership Shares within a period of up to three years after award for any reason other than a corporate event, or cessation of employment as a result of injury, disability, redundancy, transfer of the employee's business or company out of the Group, retirement or on death.
- Partnership Shares and Dividend Shares are not capable of forfeiture.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

The Committee does not formally consult with employees when determining Executive Director pay. However, the Committee is kept informed of general management decisions made in relation to employee pay and is conscious of the importance of ensuring that its pay decisions for Executive Directors are regarded as fair and reasonable within the business. As outlined in the Policy Table, pay and conditions in the Group are one of the specific considerations taken into account when the Committee is determining changes in salaries for the Executive Directors.

CONSIDERATION OF SHAREHOLDERS' VIEWS

The Company's major Shareholder had a representative on the Committee prior to Admission and, accordingly, the structure of our post-Admission remuneration policy has been subject to significant consultation with them. In addition, we have structured our remuneration policy with regard to the views of major institutional Shareholders and leading advisory bodies.

ANNUAL REPORT ON REMUNERATION

ANNUAL REPORT ON REMUNERATION

The Annual Report on Remuneration will be subject to an advisory shareholder vote at the 2015 AGM.

UNAUDITED INFORMATION

IMPLEMENTATION OF REMUNERATION POLICY IN 2015

This section provides an overview of how the Committee is proposing to implement our remuneration policy in 2015.

Base salary

As described in the Statement from the Chair of the Remuneration Committee, Executive Directors' base salaries were reviewed as part of the broader restructuring of pay arrangements ahead of Admission with changes effective on 1 April 2014.

Subsequent to Admission, a standard annual salary review has been carried out by the Committee. The Committee approved a 2.5% increase in Executive Director salaries effective from 1 January 2015. This increase is consistent with the average salary increase awarded to the Company's UK workforce for 2015.

	Salary 1 April 2014	**Salary 1 January 2015**	% increase
David Hall	£425,000	**£435,625**	2.5%
Peter Shepherd	£275,000	**£281,875**	2.5%

Pension and benefits

The Executive Directors will receive a Company contribution worth 20% of salary to the Group Pension Plan / a personal pension scheme and/or as a cash allowance. They will also receive a standard package of other benefits consistent with those received in 2014.

Annual bonus

The annual bonus plan for 2015 will be broadly consistent with the bonus plan operated in 2014. Key features of the plan for 2015 are:

- There will be a maximum bonus opportunity of 125% of salary for the CEO and 100% of salary for the CFO.
- 25% of any bonus earned will be deferred into shares under the Deferred Share Bonus Plan. These shares will be released half after two years post grant and half after three years post grant.
- In the event that a material misstatement or miscalculation subsequently comes to light which resulted in an overpayment under the annual bonus plan or if evidence comes to light of material misconduct by an individual or if evidence emerges of a material health and safety breach, then the Committee has the flexibility to withhold the value of shares granted under the Deferred Share Bonus Plan and/or to require repayment of an appropriate portion of the annual bonus cash award in respect of the relevant bonus year.

ANNUAL REPORT ON REMUNERATION

The annual bonus for 2015 for Executive Directors will be determined as detailed below:

As a percentage of maximum bonus opportunity

Measure	CEO	CFO
Group EBIT	70%	70%
Working capital	20%	20%
Individual objectives	10%	10%

The targets for these performance measures in relation to the financial year 2015 are deemed to be commercially sensitive. However, retrospective disclosure of the targets and performance against them will be provided in next year's remuneration report to the extent that they do not remain commercially sensitive at that time.

LTIP

As explained in the Statement from the Chair of the Remuneration Committee, there is no intention to make LTIP awards in 2015 to the current Executive Directors due to their substantial existing shareholdings.

Sharesave Plan

The first invitation to UK employees (including Executive Directors) to participate in the Sharesave Plan was issued in 2014. The Board will, in due course, consider the appropriate timing for the next invitation to participate in the Plan.

Non-Executive Director remuneration

The table below shows the fee structure for Non-Executive Directors for 2015. These fees are unchanged from 2014. Non-Executive fees are determined by the full Board except for the fee for the Chairman of the Board which is determined by the Remuneration Committee.

	2015 fees
Chairman of the Board all-inclusive fee	£130,000
Basic Non-Executive fee	£42,000
Senior Independent Director additional fee	£10,000
Chair of Audit Committee additional fee	£8,000
Chair of Remuneration Committee additional fee	£8,000

AUDITED INFORMATION

The information provided in this section of the Remuneration Report up until the 'Unaudited information' heading on page 66 is subject to audit.

SINGLE TOTAL FIGURE OF REMUNERATION

The following table sets out the total remuneration for Executive Directors and Non-Executive Directors for 2014 with comparative figures for 2013.

	2014						2013				
All figures shown in £000	Salary and fees(1)	Benefits(2)	Annual bonus(3)	Other(4)	Pension(5)	Total	Salary and fees(1)	Benefits(2)	Annual bonus(3)	Pension(5)	Total
Executive Directors											
David Hall	**377**	**29**	**471**	**6**	**72**	**955**	227	39	412	34	712
Peter Shepherd	**250**	**17**	**244**	**6**	**48**	**565**	171	16	285	26	498
Non-Executive Directors											
Alan Thomson	**108**	**–**				**108**	40	–			40
Paul Dean (6)	**38**	**–**				**38**	–	–			–
Moni Mannings (6)	**38**	**–**				**38**	–	–			–
Ron Marsh (6)	**39**	**–**				**39**	–	–			–
Mark Hammond (6) (7)	**32**	**–**				**32**	–	–			–

Notes to the table – methodology

(1) Salary and fees – Executive Director salaries were increased by 2.2% at the annual salary review effective 1 January 2014. Subsequently, as described in the Statement of the Chair of the Remuneration Committee, Executive Director salaries were reviewed as part of a wider restructuring of pay arrangements ahead of Admission. Following that review, revised annual salaries effective from 1 April 2014 were set at £425,000 for David Hall and £275,000 for Peter Shepherd. A similar review was undertaken of the Chairman's fee prior to Admission which was set at £130,000 effective from 1 April 2014.

(2) Benefits – this represents the taxable value of all benefits. Executive Directors receive benefits including car allowance, fuel allowance, private family medical insurance and life assurance of four times annual salary.

(3) Annual bonus – the bonus for 2013 was paid fully in cash. The bonus for 2014 will be paid 75% in cash and 25% deferred into shares under the Deferred Share Bonus Plan. Further details on the 2014 annual bonus are set out below.

(4) Other – this column relates to the value of the grant of options under the Sharesave Plan during 2014. The grant has been valued at 26% of the face value of shares under option which is the IFRS 2 valuation for this award.

(5) Pension – as described in the Statement of the Chair of the Remuneration Committee, Executive Director pension provision was reviewed as part of a wider restructuring of pay arrangements ahead of Admission. Pension provision effective from 1 April 2014 is 20% of salary.

(6) The Non-Executive Directors joined the Board on 28 March 2014. Fees shown in the table are from that date to 31 December 2014.

(7) Mark Hammond has been appointed to the Board by Cavendish pursuant to the terms of the Relationship Agreement. Mr Hammond's basic Non-Executive fee is paid to Cavendish Square Partners Limited Partnership.

No long-term incentives have been granted to the Executive Directors.

ANNUAL REPORT ON REMUNERATION

ADDITIONAL DISCLOSURES IN RESPECT OF THE SINGLE FIGURE TABLE

Annual bonus

Prior to Admission, the annual bonus plan contained no maximum limit on potential individual payouts. As described in the Statement of the Chair of the Remuneration Committee, the Executive Directors' annual bonus plan was reviewed as part of a wider restructuring of pay arrangements ahead of Admission. Following this review, a maximum annual bonus opportunity for the Executive Directors was introduced for 2014 of 125% of salary for the CEO and 100% of salary for the CFO. The relevant salary used in this calculation for 2014 was the post-Admission salary of £425,000 for the CEO and £275,000 for the CFO. 75% of the bonus earned will be paid in cash and 25% will be deferred into shares under the Deferred Share Bonus Plan. These shares will be released half after two years post grant and half after three years post grant.

Performance measures and targets applying to the 2014 annual bonus are set out below.

Performance measure	Proportion of bonus determined by measure	Threshold performance	Target performance	Maximum performance	Actual performance	% of maximum payable
Group EBIT	70%	17.5% of bonus payable	35% of bonus payable	70% of bonus payable	Between target and maximum performance	58.7%
Working capital	20%	Performance relative to budgeted level of working capital			Maximum targets achieved	20%
Individual objectives	10%	Divided into two equal segments for each Director – CEO: objectives linked to strategic plan and succession planning – CFO: objectives linked to internal audit, risk management and key reporting targets			Individual objectives fully satisfied	10%
					TOTAL	88.7% of maximum (CEO: 110.9% of salary CFO 88.7% of salary)

The Board believes that the specific targets for the performance measures in relation to the financial year 2014 are commercially sensitive. Consideration will be given to their disclosure at a future date when they are no longer regarded as commercially sensitive by the Board.

SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR

LTIP

No shares were granted under the LTIP to the Executive Directors during 2014. Details of grants made to other employees under the LTIP during 2014 are summarised in note 25 on page 106.

Sharesave

The Executive Directors participated in the 18 September 2014 grant of options under the Sharesave Plan on the same terms as other UK employees. Details relating to their participation in this grant are set out below. No performance conditions apply to these options.

	Type of award	Maximum number of shares	Face value (£000)	Options exercisable from
David Hall	Share Option	9,045	22.5	1 November 2017
Peter Shepherd	Share Option	9,045	22.5	1 November 2017

Each option is exercisable at an exercise price of £1.99. The option exercise price represents a 20% discount to the average closing price of a share (£2.487) on the three dealing days prior to the invitation to participate in the Company's Plan which was 26 August 2014. The face value of options in the above table is based on the aforementioned share price.

PAYMENTS TO PAST DIRECTORS

There were no payments to past directors during 2014.

PAYMENTS FOR LOSS OF OFFICE

There were no payments for loss of office to Directors during 2014.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS

Upon Admission, the Committee introduced a shareholding requirement of 100% of base salary for the Executive Directors. Both of the current Executive Directors had a shareholding that surpassed that requirement at 31 December 2014.

Executive Directors are expected to achieve the shareholding requirement within five years of an individual becoming subject to the requirement. The Committee reviews ongoing individual performance against the shareholding requirement at the end of each financial year.

Current shareholding requirements and the number of shares held by Directors are set out in the table below.

	Number of shares	
Director	Shares owned outright at 31 December 2014	Interests in share incentive schemes, awarded without performance conditions at 31 December 2014[1]
David Hall[2]	6,873,740 (4,011% of salary)	9,045
Peter Shepherd[2]	3,477,037 (3,136% of salary)	9,045
Alan Thomson	620,949	–
Paul Dean	5,000	–
Moni Mannings	–	–
Ron Marsh	–	–
Mark Hammond	–	–

Notes to the table

(1) This relates to shares awarded under the Sharesave Plan in September 2014.

(2) For the purposes of determining the value of Executive Director shareholdings, the individual's salary and the share price as at 31 December 2014 has been used (£2.48).

Between 31 December 2014 and the date of this report, there were no changes in the shareholdings outlined in the above table.

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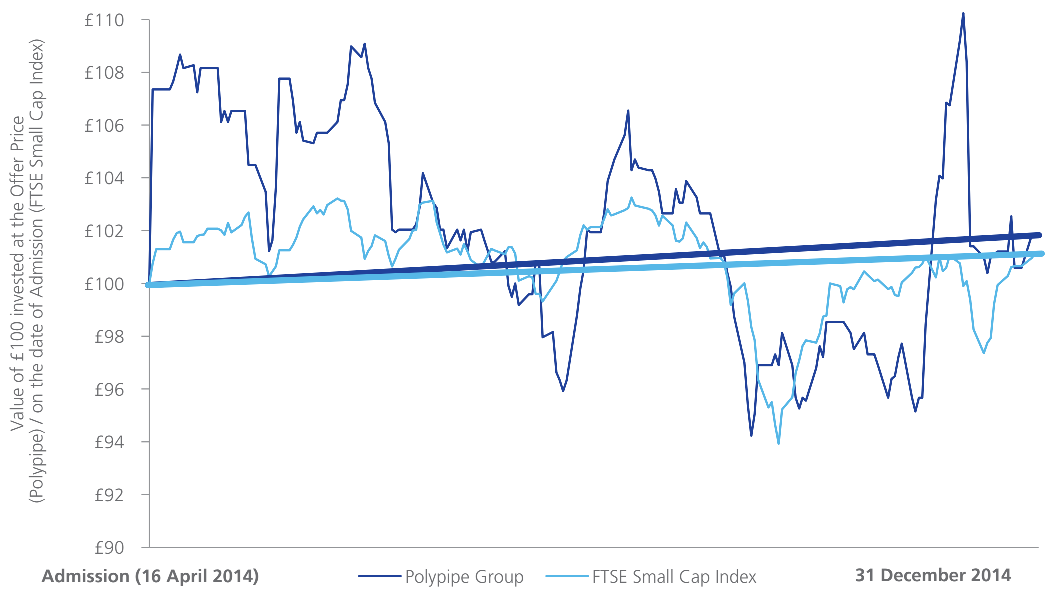
UNAUDITED INFORMATION

The information provided in this section of the Remuneration Report is not subject to audit.

PERFORMANCE GRAPH AND CEO REMUNERATION TABLE

The chart below compares the Total Shareholder Return performance of the Company over the period from Admission to 31 December 2014 to the performance of the FTSE Small Cap Index. This index has been chosen because it is a recognised equity market index of which the Company is a member. The base point in the chart for the Company equates to the Offer Price of £2.45. As the Company has only been listed for a short period, we have provided the entire historical performance to date (fluctuating line in chart) as well as the statutory requirement to show movement in performance between Admission and financial year-ends (straight line in chart).

The table below the chart summarises the CEO single figure for total remuneration, annual bonus pay-outs and long-term incentive vesting levels as a percentage of maximum opportunity over this period.



	2014
CEO single figure of remuneration £000	955
Annual bonus pay-out *(as a % of maximum opportunity)*	88.7%
LTIP vesting out-turn *(as a % of maximum opportunity)*	n/a (no award vested in 2014)

PERCENTAGE CHANGE IN REMUNERATION OF THE CEO

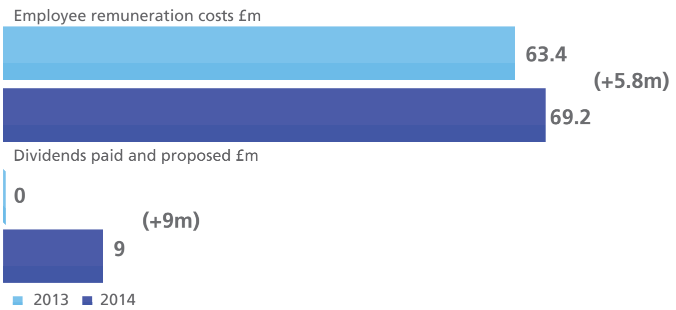
The table below illustrates the percentage change in salary, benefits and annual bonus between 2013 and 2014 for the CEO and the average for all Company UK employees.

	Salary increase (2013 to 2014)	Benefits increase (2013 to 2014)	Annual bonus increase (2013 to 2014)	Total increase (2013 to 2014)
CEO	+66%[1]	-26%	+14%	+34%
Average for all UK employees	+2.2%	–	-8%	n/a

(1) The CEO's salary was increased at the standard annual pay review effective 1 January 2014 by 2.2% which was consistent with the average salary increase for the UK workforce. As described in the Statement of the Chair of the Remuneration Committee, the CEO's pay arrangements were subsequently significantly restructured ahead of Admission. This restructuring included a repositioning of his salary in line with listed company market norms effective 1 April 2014.

RELATIVE IMPORTANCE OF THE SPEND ON PAY

The chart below illustrates the total expenditure on pay for all of the Company's employees compared to dividends payable to Shareholders in respect of 2014. To comply with reporting regulations, a 2013 comparative figure is also provided although the Company was unlisted during 2013 and made no dividend payments to Shareholders in respect of that year.



CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Committee has, since Admission, been chaired by Moni Mannings. The Committee also comprises Ron Marsh, Paul Dean, Mark Hammond and Alan Thomson.

The Committee met three times during 2014 post-Admission. The CEO was also present at those meetings by invitation and the CFO attended one of these meetings in his capacity as Company Secretary.

The Committee is responsible for determining all aspects of Executive Director pay. It also monitors pay arrangements for other senior executives and oversees the operation of all share plans. Full terms of reference of the Committee are available on our website.

Deloitte LLP was appointed in 2014 to provide advice on executive remuneration matters. Following Admission, the Committee received independent and objective advice from Deloitte principally on market practice, incentive design and drafting of the remuneration report for which Deloitte was paid £24,850 in fees (charged on a time plus expenses basis). Deloitte is a founding member of the Remuneration Consultants Group and as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. In addition, during 2014 Deloitte provided advice to the Company in relation to tax, share valuation and the post-Admission structure of remuneration packages and design of share schemes.

SHAREHOLDER VOTING ON 2013 REMUNERATION REPORT

As an unlisted company, the Company's Annual Report for 2013 did not contain a Remuneration Report.

EXTERNAL BOARD APPOINTMENTS

Executive Directors are not normally entitled to accept a non-executive director appointment outside the Company without the prior approval of the Board. Neither of the current Executive Directors currently holds any such appointment.

ANNUAL GENERAL MEETING

This Remuneration Report will be submitted for approval at our first Annual General Meeting to be held on 27 May 2015. The Policy Report will be subject to a binding Shareholder vote and the Annual Report on Remuneration will be subject to an advisory Shareholder vote.

On behalf of the Board

Moni Mannings
Chair of the Remuneration Committee
26 March 2015

DIRECTORS' REPORT

The Company is required by the Companies Act 2006 to present a Directors' Report for the financial year ended 31 December 2014. It is also required to report on its compliance with the 2012 UK Code for the year and to provide certain disclosures in respect of the UK Listing Authority's Listing and Disclosure and Transparency rules. This report, comprises pages 68 to 70 together with sections of the Annual Report incorporated by reference when taken together fulfil the Company's disclosure requirements.

THE COMPANY

Polypipe Group plc was incorporated on 19 January 2007 and is domiciled in the UK with registered number 06059130. On 16 April 2014, Polypipe Group Limited was listed on the premium segment of the London Stock Exchange. Whilst the Group operates predominately in the UK, it does have divisions in France, Italy and the UAE. Details of the principal Group businesses are included on page 122.

STRATEGIC REPORT

The Companies Act 2006 requires the Company to present a fair review of the development and performance of the Group's business during the financial year and the position of the business at the end of that year. This review is incorporated into the Strategic report on pages 4 to 33.

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management objectives and policies, including our policy for hedging, are set out in note 2 to the Group financial statements.

GOING CONCERN

The Going Concern Statement can be found on page 25.

DIRECTORS

Full biographical details of the current Directors are set out on pages 36 to 37. In accordance with the Company's articles of association, each Director (with the exception of Alan Thomson, who will stand down as Chairman at the 2015 AGM) will retire and put themselves forward for re-election at the first AGM of the Company.

APPOINTMENTS AND REPLACEMENT OF DIRECTORS

The rules about the appointment and replacement of Directors are contained in our articles of association. They provide that Directors may be appointed by ordinary resolution of the members or by a resolution of the Directors. Directors must retire and put themselves forward for election at their first AGM following their appointment. Directors wishing to continue to serve as members of the Board, will seek re-election annually in accordance with the UK Corporate Governance Code.

DIRECTORS' INDEMNITY ARRANGEMENTS

Under Article 212 of the Company's articles of association, Directors and officers of the Company are entitled to be indemnified out of the assets of the Company in respect of any liability incurred in relation to the Company or any associate company, to the extent the law allows. The Directors have each been granted an indemnity to the extent permitted by the Companies Act 2006 against liabilities incurred by them in the execution of their duties and exercise of their powers. These indemnities have been in place since the Company's application for listing on the London Stock Exchange and remain in place. The Company has purchased and maintained throughout the financial period Directors' and Officers' liability insurance.

SHARE CAPITAL

The Company passed the following resolutions on 10 April 2014:

- An ordinary resolution providing the Directors with authority to allot ordinary shares up to an aggregate nominal amount of £66,666.62. No shares have been issued under this authority.
- A special resolution granting the Directors the authority to make market purchases up to 19,999,986 ordinary shares, representing 10% of the Company's issued ordinary share capital. On 16 October 2014, the Company purchased 739,522 ordinary shares in the market. The Company intends to hold these shares in treasury to satisfy share option awards in the future.

These authorities are due to expire at the Company's Annual General Meeting to be held on 27 May 2015 and proposals for their renewal are set out in the Notice of the Annual General Meeting.

Details of the Company's share capital are shown in note 24 to the financial statements. Particulars of treasury share purchases are also included in note 24 to the financial statements.

POLITICAL DONATIONS

The Group made no political donations during the year.

GREENHOUSE GAS EMISSIONS

The Group is required to state the annual quantity of emissions in tonnes of CO_2 equivalent from activities for which the Group is responsible. Details of our greenhouse gas emissions can be found in Corporate Responsibility – The environment and greenhouse gas emissions on page 32.

FUTURE DEVELOPMENTS WITHIN THE GROUP

The Strategic Report contains details of likely future developments within the Group.

POST YEAR END EVENTS

Between 1 January 2015 and the date of this report there have been no material events that require disclosure.

Details of the acquisition of Surestop Limited are shown in note 31 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group have been reviewed by the Board and are shown in the Risk section on pages 26 to 29.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2014 and dividends for that year are set out on page 78. If approved, the final dividend will be paid on 28 May 2015 to those Shareholders on the register at close of business on 8 May 2015.

EMPLOYEES

The Company's policies in relation to the employment of disabled persons and employee involvement are included in Corporate Responsibility and Sustainability Report – Employment on page 30.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014 and 25 March 2015 the Company was aware of the following interests representing 3% or more of the issued ordinary share capital of the Company. This information was correct at the date of notification. It should be noted that these holdings may have changed since notified to the Company. However, notification of any change is not required until the next applicable threshold is crossed.

	As at 31 December 2014		As at 25 March 2015	
Name of Shareholder	Ordinary Shares	% Voting Rights	Ordinary Shares	% Voting Rights
Standard Life Investments (Holdings) Limited	17,117,476	8.59%	18,222,173	9.14%
Cavendish Square Partners Limited Partnership	15,618,766	7.84%	15,618,766	7.84%
BlackRock, Inc.	15,063,115	7.53%	–	below 5%
Cantillon Capital Management LLC	12,501,382	6.25%	12,501,382	6.25%
David Hall	6,873,740	3.40%[1]	6,873,740	3.40%[1]
Danske Bank A/S	6,474,202	3.25%	5,772,803	2.90%
Peter Shepherd	3,477,037	1.70%[1]	3,477,037	1.70%[1]
Alan Thomson	620,949	0.30%[1]	620,949	0.3%[1]
Paul Dean	5,000	0.002%[1]	5,000	0.002%[1]

(1) Held indirect.

There are no restrictions on the transfer, or limitations on the holding of ordinary shares and no requirements to obtain approval prior to any transfers. No ordinary shares carry any special rights with regard to control of the Company and there are no restrictions on voting rights. Major Shareholders have the same voting rights per share as all other Shareholders.

AUDITOR

A resolution to re-appoint Ernst & Young LLP as the Company's external Auditor and to authorise the Audit Committee to fix the Auditor's remuneration will be proposed at the 2015 AGM.

DIRECTORS' STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Directors has confirmed that as at the date of this report:

- So far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- The Directors have taken all reasonable steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' REPORT

REGULATORY DISCLOSURES

REQUIREMENTS OF THE LISTING RULES

The following table provides references to where the information required by the listing rule 9.8.4R is disclosed.

Listing Rule requirement	
A statement of the amount of interest capitalised by the Group during the period under review with an indication of the amount and treatment of any related tax relief.	Not applicable
Any information required by LR 9.2.18R (Publication of unaudited financial information).	Not applicable
Details of any long-term incentive schemes as required by LR 9.4.3R.	Not applicable
Details of any arrangements under which a Director of the Company has waived or agreed to waive any emoluments from the Company or any subsidiary undertaking. Where a Director has agreed to waive future emoluments, details of such waiver together with those relating to emoluments which were waived during the period under review.	Not applicable
Details required in the case of any allotment for cash of equity securities made during the period under review otherwise than to the holders of the Company's equity shares and which has not been specifically authorised by the Company's Shareholders.	Not applicable
Where a listed company has listed shares in issue and is a subsidiary undertaking of another company, details of the participation by the parent undertaking in any placing made during the period under review.	Not applicable
Details of any contract of significance subsisting during the period under review: (a) To which the listed company, or one of the its subsidiary undertakings, is a party and in which a director of the listed company is or was materially interested; and (b) Between the listed company, or one of its subsidiary undertakings, and a controlling shareholder.	Not applicable
Details of contracts for the provision of services to the Company or any of its subsidiary undertakings by the controlling Shareholder.	Not applicable
Details of any arrangement under which a Shareholder has waived or agreed to waive any dividends, where a Shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review.	Directors' report – page 69
Board statement in respect of relationship agreement with the controlling Shareholder.	Directors' report – page 70

RELATIONSHIP AGREEMENT

In accordance with Listing Rule 9.8.4 (14), the Company has set out below a statement describing the Relationship Deed entered into by the Company with Cavendish Square Partners Limited.

The Relationship Deed dated 11 April 2014 between Cavendish Square Partners (General Partner) Limited (in its capacity as general partner to Cavendish Square Partners Limited Partnership) and the Company provides that it shall terminate on their ceasing to be a "Principal Shareholder" holding in aggregate 20% of the voting rights in the Company from time to time.

The Relationship Deed governs the relationship between the Principal Shareholder and the Company and the principal purpose of which is to ensure that the Company is capable of carrying out its business independently of the Principal Shareholder and that transactions and arrangements with the Principal Shareholder or any of their respective associates are conducted at arm's length and on normal commercial terms (subject to the rules on related party transactions in the Listing Rules).

The Company has and, in so far as it is aware, the Principal Shareholder and their respective associates have, complied with the independence provisions set out in the Relationship Deed from the date of the Deed, during the relevant period under review.

The Principal Shareholder shall be entitled from time to time to nominate one person as a Director to the Board for a period of 12 months from admission. Following this period of 12 months, if the Principal Shareholder ceases to be entitled to appoint a Representative Director as a result of the Principal Shareholder no longer holding in aggregate 20% of the voting rights in the Company then, unless the Board (other than the Representative Director) by majority resolution approves otherwise, the Principal Shareholder shall procure the resignation of such individual as soon as practicable.

On 15 December 2014, Cavendish Square Partners Limited Partnership disposed of 10% of the Company's issued shares, therefore no longer holding 20% of the voting rights in the Company. Following a recommendation from the Nomination Committee, the Board have agreed that Mark Hammond will remain on the Board of Directors as a Non-Independent Director following the end of the 12 month period, subject to the retirement by rotation provisions within the Company's articles of association.

ANNUAL GENERAL MEETING

The 2015 AGM will be held on 27 May 2015 at Holiday Inn, High Road, Doncaster, DN4 9UX. A full description of the business to be conducted at the meeting will be set out in the separate Notice of Annual General Meeting.

By order of the Board

Capita Company Secretarial Services Limited
Company Secretary
26 March 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare Group financial statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Directors' Report, the Strategic Report, the Remuneration Report and the Corporate Governance Statement in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules.

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

Directors' responsibility statement

We confirm that to the best of our knowledge:

— the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

— the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

— the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's performance, business model and strategy.

By order of the Board:

D G Hall
Chief Executive Officer
26 March 2015

P D Shepherd
Chief Financial Officer
26 March 2015

PICTURED
Continued positive impacts from legislation aimed at increasing the sustainability of the built environment

OUR FINANCIALS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POLYPIPE GROUP plc

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

WHAT WE HAVE AUDITED

We have audited the financial statements of Polypipe Group plc for the year ended 31 December 2014 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement, the related notes to the Group Financial Statements 1 to 31, the Company Balance Sheet, the Company Reconciliation of Movements in Shareholders' Funds and the related notes to the Company Financial Statements 1 to 10. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statements set out on page 71 and on page 113, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OUR ASSESSMENT OF RISK OF MATERIAL MISSTATEMENT AND RESPONSE TO THAT RISK

The table below shows the risks we identified that have had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team together with our audit response to the risk:

Risk	Response
Rebates and revenue recognition The timing of revenue recognition is relevant to the reported performance of the Group as a whole and also the recognition of rebate liabilities as discussed below. There is opportunity to misstate the allocation of revenue between periods in order to influence reported results. Furthermore, as described in note 3 to the financial statements, the Group's pricing structure includes rebate arrangements with customers. Some of these arrangements involve estimation when determining the amount to be recognised as a liability at the year end. This is particularly relevant to rebates payable to end users who are not direct customers of the Group but who buy Polypipe products from the Group's customers. Refer also to page 48 (Audit Committee Report).	We tested the accuracy of revenue cut-off around the year end. Our work comprised the agreement of sales transactions from either side of the year end to supporting documentation, and performing trend analysis of daily sales in the period prior to the year end. In respect of rebates we understood the procedures and controls in place over the rebates process. We tested the accuracy and appropriateness of rebate provision calculations by agreeing to terms of agreements and other supporting documents. We also performed a review of year end customer rebate provisions and rebate costs in the year, by comparison to prior year and expectations. We vouched rebate payments made in the year and performed a review of consistency of these amounts with amounts previously provided which, together with a review of ageing, gave us assurance over the accuracy of amounts previously provided. We challenged the completeness of amounts provided by reference to the Group's customer base. Finally we assessed the accuracy of amounts provided by comparing to post year end payments where applicable.
Deferred taxation As disclosed in note 13 (e) to the financial statements, the Group has an unrecognised deferred tax asset of £1.3 million in respect of surplus non-trading losses. Refer also to page 48 (Audit Committee Report).	We evaluated and challenged management's rationale for not recognising the deferred tax asset in respect of these losses and considered the extent to which we consider it is probable ("more likely than not") that taxable profits would be available against which the surplus non-trading losses could be utilised.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POLYPIPE GROUP plc

OUR APPLICATION OF MATERIALITY

We determined materiality for the Group to be £1.8 million (2013: £1.1 million), which is 5% (2013: 5%) of adjusted pre-tax profit, and below 1% (2013: 1%) of equity. We used pre-tax profits adjusted for the non-recurring costs (disclosed as exceptional in note 8 and note 12 to the financial statements) that arose from the capital restructure when the Group listed on the London Stock Exchange, as we determined this to be the most relevant measure of profitability. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. The increase in materiality compared to the prior year reflects the increased profitability of the Group.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 75% (2013: 75%) of planning materiality, namely £1.4 million (2013: £0.8 million). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level.

Audit work at individual components is undertaken based on a percentage of our total performance materiality. The performance materiality set for each component is based on the relative size of the component and our view of the risk of misstatement at that component. In the current year the range of performance materiality allocated to components was £0.2 million to £1.2 million.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.1 million (2013: £0.1 million), as well as any differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Following our assessment of the risk of material misstatement to the Group financial statements, we selected nine components which represent the principal business units within the Group's three reportable segments and account for 100% of the Group's total revenue, 100% of the Group's profit before tax and 100% of the Group's profit before tax excluding exceptional items. All of these were subject to a full audit.

The audit work at the nine locations where full audit procedures were performed was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and which reflected the risk and relative size of each location.

All of the locations based in the United Kingdom are the responsibility of the Group audit team and were visited by that team as part of our year end procedures. The Group team also visited the French component team where the Senior Statutory Auditor discussed the scope of the work performed with the local auditor to satisfy himself that it responded to the identified risks and discussed any issues arising. He also met with local management.

The entire deferred tax balance has been audited by the Group audit team.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 39 to 43 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 68, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Stuart Watson
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
26 March 2015

GROUP INCOME STATEMENT

For the year ended 31 December 2014

	Notes	**Year ended 31 December 2014 £m**	Year ended 31 December 2013 £m
Revenue	5	**327.0**	300.8
Cost of sales		**(202.4)**	(188.3)
Gross profit		**124.6**	112.5
Selling and distribution costs		**(49.8)**	(46.9)
Administration expenses		**(28.5)**	(25.9)
Operating profit before operating exceptional items		**46.3**	39.7
Operating exceptional items	8	**(12.1)**	0.1
Operating profit	6	**34.2**	39.8
Finance revenue	11	**0.2**	0.3
Finance costs	12	**(8.9)**	(15.5)
Exceptional finance costs	12	**(8.6)**	–
Profit before tax		**16.9**	24.6
Taxation	13	**(3.0)**	(4.6)
Profit for the year attributable to owners of the parent		**13.9**	20.0
Earnings per share (pence)			
Basic	15	**6.96**	10.00
Adjusted earnings per share (pence)			
Basic	15	**16.11**	9.95

The impact of dilution is not significant

Dividends per share (pence)			
Interim	14	**1.50**	–
Final proposed	14	**3.00**	–

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Year ended 31 December 2014 £m	Year ended 31 December 2013 £m
Profit for the year	**13.9**	20.0
Other comprehensive income:		
Items which will be reclassified subsequently to profit and loss:-		
Exchange differences on translation of foreign operations	**(1.1)**	0.3
Effective portion of changes in fair value of swap derivatives	**(2.4)**	–
Tax relating to items that may be reclassified	**0.5**	–
Other comprehensive income for the year net of tax	**(3.0)**	0.3
Total comprehensive income for the year attributable to owners of the parent	**10.9**	20.3

GROUP BALANCE SHEET

At 31 December 2014

	Notes	31 December 2014 £m	31 December 2013 £m
Non-current assets			
Property, plant and equipment	16	**89.2**	89.0
Intangible assets	17	**235.0**	234.4
Total non-current assets		**324.2**	323.4
Current assets			
Inventories	20	**39.9**	38.9
Trade and other receivables	21	**20.9**	21.4
Other financial assets	22	**–**	0.4
Cash and cash equivalents	23	**43.1**	65.9
Total current assets		**103.9**	126.6
Total assets		**428.1**	450.0
Current liabilities			
Trade and other payables	26	**(65.2)**	(62.0)
Other financial liabilities	27	**(2.6)**	–
Income tax payable	13	**(2.0)**	(2.4)
Total current liabilities		**(69.8)**	(64.4)
Non-current liabilities			
Loans and borrowings	27	**(118.0)**	(150.6)
Other liabilities		**(1.7)**	(2.0)
Deferred tax liability	13	**(0.9)**	(1.6)
Total non-current liabilities		**(120.6)**	(154.2)
Total liabilities		**(190.4)**	(218.6)
Net assets		**237.7**	231.4
Capital and reserves			
Equity share capital	24	**0.2**	1.3
Treasury shares		**(1.7)**	–
Capital redemption reserve		**1.1**	–
Hedging reserve		**(1.9)**	–
Foreign currency retranslation reserve		**(1.7)**	(0.6)
Retained earnings		**241.7**	230.7
Total equity		**237.7**	231.4

The financial statements were approved for issue by the Board of Directors and signed on its behalf by:

PD Shepherd
Director

Company Registration No. 06059130

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital £m	Share premium £m	Capital redemption reserve £m	Treasury shares £m	Hedging reserve £m	Foreign currency retranslation reserve £m	Retained earnings £m	Total equity £m
At 31 December 2012	1.3	315.9	–	–	–	(0.9)	(105.2)	211.1
Profit for the year	–	–	–	–	–	–	20.0	20.0
Other comprehensive income	–	–	–	–	–	0.3	–	0.3
Total comprehensive income for the year	–	–	–	–	–	0.3	20.0	20.3
Cancellation of share premium	–	(315.9)	–	–	–	–	315.9	–
At 31 December 2013	1.3	–	–	–	–	(0.6)	230.7	231.4
Profit for the year	–	–	–	–	–	–	13.9	13.9
Other comprehensive income/(expense)	–	–	–	–	(1.9)	(1.1)	–	(3.0)
Total comprehensive income/(expense) for the year	–	–	–	–	(1.9)	(1.1)	13.9	10.9
Dividends paid	–	–	–	–	–	–	(3.0)	(3.0)
Purchase of treasury shares	–	–	–	(1.7)	–	–	–	(1.7)
Share-based payments	–	–	–	–	–	–	0.1	0.1
Cancellation of deferred shares	(1.1)	–	1.1	–	–	–	–	–
At 31 December 2014	**0.2**	**–**	**1.1**	**(1.7)**	**(1.9)**	**(1.7)**	**241.7**	**237.7**

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2014

	Notes	Year ended 31 December 2014 £m	Year ended 31 December 2013 £m
Operating activities			
Profit for the year before tax		**16.9**	24.6
Add back net financing costs	11,12	**17.3**	15.2
Operating profit		**34.2**	39.8
Adjusted for non-cash items:			
Gain on disposal of property, plant and equipment	8	**(0.1)**	(0.7)
Operating exceptional items – net expense recognised	8	**12.2**	–
– cash paid		**(12.5)**	–
Profit on sale of investments		**–**	(0.3)
Depreciation	16	**14.5**	13.9
Operating cash flow before movement in working capital		**48.3**	52.7
Movement in working capital:			
Receivables		**(0.2)**	1.9
Payables		**4.0**	4.7
Inventories		**(1.5)**	(1.1)
Cash generated from operations		**50.6**	58.2
Income tax paid		**(3.7)**	(4.9)
Net cash flows from operating activities		**46.9**	53.3
Investing activities			
Interest received		**0.2**	0.3
Proceeds from disposal of property, plant and equipment		**0.2**	0.8
Proceeds from sale of investments		**–**	0.3
Acquisition of new business	18	**(0.3)**	–
Purchase of property, plant and equipment		**(15.1)**	(21.1)
Net cash flow used in investing activities		**(15.0)**	(19.7)
Financing activities			
Repayment of bank loan		**–**	(0.1)
Repayment of Senior Secured Notes		**(150.0)**	–
New bank loan		**120.0**	–
Purchase of own shares		**(1.7)**	–
Interest paid		**(10.6)**	(14.6)
Dividend paid		**(3.0)**	–
Refinancing costs	12	**(9.4)**	–
Net cash flows from financing activities		**(54.7)**	(14.7)
Net (decrease)/increase in cash and cash equivalents		**(22.8)**	18.9
Cash and cash equivalents at 1 January	23	**65.9**	47.0
Cash and cash equivalents at 31 December	23	**43.1**	65.9

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2014 were authorised for issue by the Board of Directors on 31 March 2015 and the balance sheet was signed on the Board's behalf by Peter Shepherd.

Polypipe Group plc is a public limited company incorporated and domiciled in the United Kingdom. The principal activity of the Group is the manufacture of plastic pipe systems for the building and construction market.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of preparation and accounting policies used in preparing the consolidated historical financial information for the year ended 31 December 2014 are set out below. These accounting policies have been consistently applied in all material respects to all the periods presented.

2.1 Basis of Preparation and statement of compliance with IFRSs

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union regulations as they apply to the financial statements of the Group for the year ended 31 December 2014 and also in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2014.

The Group's financial statements have been prepared on a historical cost basis except for derivative financial instruments that have been measured at fair value. The financial statements are presented in Pounds Sterling and all values are rounded to one decimal place of a million (£m) unless otherwise indicated.

2.2 Going Concern

The Directors, having considered all relevant risk factors, believe the Group has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group holds 100% of the equity and controls 100% of the voting rights in all subsidiaries. Therefore, the treatment of Non-Controlling Interests or any other non-voting right factors in respect of control is not relevant.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.4 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the total of the consideration transferred, measured at acquisition fair value. Acquisition costs incurred are expensed and included in administration expenses.

Any contingent consideration to be transferred to the vendor will be recognised at fair value at the acquisition date. Any subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured and subsequent settlement is accounted for within equity.

2.5 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses (see 2.11).

The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

2.6 Foreign currency translation

The Group's consolidated financial statements are presented in Pounds Sterling, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured in that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The assets and liabilities of foreign operations are translated into Pounds Sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at average exchange rates prevailing. The resulting exchange differences are recognised in other comprehensive income.

2.7 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer (when the goods are delivered). The amount is recognised net of any discounts or rebates payable, which are accrued at the point at which the goods are delivered. As explained in note 3.2, rebates can be complex in nature and involve estimation.

Interest income

Interest is recognised as interest accrues on cash balances using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

2.8 Taxes

Current Income Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred Income Tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

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

For deductible temporary differences associated with investments in subsidiaries, it must additionally be probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

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

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2.9 Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on the cost less residual value of property, plant and equipment, and is on a straight-line basis over its expected useful life as follows:

Freehold land	Nil
Freehold buildings	Over expected economic life not exceeding 50 years
Plant and other equipment	4 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives, residual values and depreciation methods are reviewed at each financial year end and where adjustments are required these are made prospectively.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or where no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.10 Intangible Assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Research and Development costs

Research costs are expensed as incurred. Development expenditures on individual projects are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

At the reporting date no development costs have met the above criteria.

2.11 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there are any indicators that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its fair value less costs to sell and its value in use and it is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. For the purpose of impairment testing, goodwill is allocated to the related cash-generating units. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment before aggregation. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the statement of comprehensive income.

Impairment losses related to goodwill cannot be reversed in future periods.

2.12 Leasing

The classification of leases as finance or operating leases requires the Group to determine, based on an evaluation of the terms and conditions, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised on the balance sheet.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the statement of comprehensive income on a straight-line basis over the lease term.

2.13 Financial instruments

i) Financial Assets

Initial recognition and measurement

Financial assets within the scope of IAS 39: Financial instruments: Recognition and measurement ('IAS 39') are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of financial assets at initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit and loss.

The Group's financial assets include cash and cash equivalents, derivative financial instruments and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. The Group does not hold any held to maturity investments or available for sale financial assets.

Financial assets at fair value through profit of loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of financial liabilities at initial recognition. The Group has trade and other payables, loans classified as loans and borrowings and derivative financial instruments. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the income statement.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts, and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

iv) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions.

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 30.

v) Derivative financial instruments

The Group uses derivative financial instruments, in particular interest rate swaps and forward exchange contracts, to manage the financial risks arising from the business activities and the financing of those activities. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised as assets and liabilities measured at their fair value on the balance sheet date. Changes in the fair value of any derivative instruments that do not fulfil the criteria for hedge accounting contained in IAS 39 Financial instruments: Recognition and Measurement are recognised immediately in the income statement. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

vi) Hedge Accounting

The Group maintains documentation of the relationship between the hedged item and the hedging instrument at the inception of a hedging transaction together with the risk management objective and the strategy underlying the designated hedge. The Group also documents its assessment, both at the inception of the hedging relationship and subsequently on an ongoing basis, of the effectiveness of the hedge in offsetting movements in the fair values or cash flow of the hedged items.

When hedge accounting is used, the relevant hedging relationships are classified as fair value hedges, cash flow hedges or net investment hedges.

Note 30 sets out the details of the fair values of the derivative instruments used for hedging purposes.

The Group does not currently have any designated fair value hedges or net investment hedges.

NOTES TO THE GROUP FINANCIAL STATEMENTS
For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Cash flow hedge
Cash flow hedging matches the cash flows of hedged items against the corresponding cash flow of the derivative. The effective part of any gain or loss on the derivative is recognised directly in other comprehensive income and the hedged item is accounted for in accordance with the policy for that financial instrument. Any ineffective part of any gain or loss is recognised immediately in the income statement. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

2.14 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials – purchase cost on a first in, first out basis
- Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2.15 Cash and Short-Term Deposits
Cash and short-term deposits consist of cash at bank and in hand.

2.16 Pensions
The Group operates a defined contribution pension plan. Contributions payable in the year are charged to the income statement. The assets are held separately from those of the Group in an independently administered fund. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2.17 Exceptional items
The Group presents as exceptional items on the face of the income statement, those items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow Shareholders to understand better the elements of financial performance in the year. This is to facilitate comparison with prior periods and to assess better trends in financial performance.

2.18 Share-based payments
In the case of equity-settled schemes, the fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The value of the options is measured using the Black–Scholes model, taking into account the terms and conditions (including market and non-vesting conditions) upon which the options were granted. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.19 Treasury shares

The Group holds own shares for the granting of Group shares to employees and Directors. These treasury shares are recognised at cost and presented in the balance sheet as a deduction from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. No dividends are earned on these shares. The shares are ignored for the purposes of calculating the Group's EPS.

3. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have the most significant effect on amounts recognised in the financial statements:

3.1 Impairment of non-financial assets

In accordance with IFRS, the Group considers whether there are any indicators of impairment of assets. Where indicators of impairment are identified, the Group tests the asset for impairment. Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

The Group's impairment test for goodwill is based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget/forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the asset or the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash-generating units are further explained in note 17.

3.2 Recognition of customer rebates

The Group's pricing structure involves rebate arrangements with several of its direct and indirect customers. These can be complex in nature and involve estimation in determining the required level of provision for rebate liabilities.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards which have been adopted in the year

There were no new standards and interpretations adopted in the year. IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 36 'Impairment of Assets' (as amended) were all early adopted in the year ended 31 December 2013.

Standards issued but not yet effective

The following standards and interpretations have an effective date after the date of these financial statements but the Group has not early adopted them and plans to adopt them from the effective dates adopted by EU. This listing of standards and interpretations issued are those that the Group reasonably expect to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

International Accounting Standards (IAS/IFRSs)		Effective date
IFRS 7	Financial Instruments : Disclosures (Amendment) – Initial Application of IFRS 9	1 January 2015
IFRS 9	Financial Instruments : Classification and Measurement	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

5. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of the internal financial information reported to the Chief Operating Decision Maker ("CODM"). The Group's CODM is deemed to be the Board of Directors, who are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The Group has three reporting segments: Residential Piping Systems (all UK by origin); Commercial and Infrastructure Piping Systems – UK and Commercial; and Infrastructure Piping Systems – Mainland Europe.

	2014				2013			
	Revenue		Operating Profit		Revenue		Operating Profit	
	£m	£m	£m	£m	£m	£m	£m	£m
Residential Piping Systems		**173.3**		**28.4**		158.7		26.0
Commercial & Infrastructure Piping Systems								
– UK	**111.1**		**17.0**		94.3		12.4	
– Mainland Europe	**53.9**		**0.9**		58.3		1.3	
		165.0		**17.9**		152.6		13.7
Inter segment sales		**(11.3)**		**–**		(10.5)		–
Group revenue/operating profit		**327.0**		**46.3**		300.8		39.7
Operating exceptional items				**(12.1)**				0.1
Net finance costs				**(17.3)**				(15.2)
Profit before taxation				**16.9**				24.6

Since the last annual financial statements the measure of segment profit has changed from operating profit to operating profit before operating exceptional items.

Balance Sheet

	31 December 2014		31 December 2013	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
Residential Piping Systems	**228.3**	**(45.6)**	228.5	(42.1)
Commercial & Infrastructure Piping Systems				
– UK	**120.4**	**(15.1)**	116.4	(11.2)
– Mainland Europe	**36.3**	**(8.8)**	39.2	(10.3)
Total segment assets/(liabilities)	**385.0**	**(69.5)**	384.1	(63.6)
Taxes	**–**	**(2.9)**	–	(4.0)
Net debt	**43.1**	**(118.0)**	65.9	(151.0)
Total Group	**428.1**	**(190.4)**	450.0	(218.6)
Net assets		**237.7**		231.4

Capital additions

	2014 £m	2013 £m
Residential Piping Systems	**6.4**	9.2
Commercial & Infrastructure Piping Systems		
– UK	**7.6**	9.4
– Mainland Europe	**1.2**	2.3
Total	**15.2**	20.9

Depreciation of property, plant and equipment

	2014 £m	2013 £m
Residential Piping Systems	**7.4**	7.3
Commercial & Infrastructure Piping Systems		
– UK	**5.4**	4.8
– Mainland Europe	**1.7**	1.8
Total	**14.5**	13.9

Operating Exceptionals

	2014 £m	2013 £m
Residential Piping Systems	**(0.1)**	(0.2)
Commercial & Infrastructure Piping Systems		
– UK	**–**	(0.3)
– Mainland Europe	**–**	0.4
Group – IPO costs	**12.2**	–
Total	**12.1**	(0.1)

Geographical analysis

Revenue by destination	2014 £m	2013 £m
UK	**253.3**	226.2
Rest of Europe	**56.9**	61.3
Rest of World	**16.8**	13.3
Total Group	**327.0**	300.8

Non-current assets	2014 £m	2013 £m
UK	**302.8**	300.9
Rest of Europe	**21.4**	22.5
Total Group	**324.2**	323.4

Non-current assets for this purpose consist of property, plant and equipment and goodwill.

The Group has three customers which individually account for more than 10% of the Group’s total revenue during 2014. These customers account for 12.1%, 11.7% and 11.4% respectively, and are included in both reporting segments.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. OPERATING PROFIT

	2014 £m	2013 £m
Income statement charges		
Depreciation of property, plant and equipment (owned)	**14.5**	13.9
Cost of inventories recognised as an expense	**202.4**	188.3
Operating lease payments – minimum lease payments	**3.3**	2.8
Research and development costs written off	**0.2**	0.2
Income statement credits		
Profit on disposal of non-current assets	**0.1**	0.7

7. AUDITOR'S REMUNERATION

The Group paid the following amounts to the Company's Auditor in respect of the audit of the financial statements and for other services provided to the Group.

Auditor's remuneration for audit services:

	2014 £m	2013 £m
Audit of the Company's annual accounts	**–**	–
Audit of the Company's subsidiaries	**0.2**	0.2
Total audit fees	**0.2**	0.2

Auditor's remuneration for non-audit services:

	2014 £m	2013 £m
Other services relating to corporate finance transactions (relating to the listing)	**0.6**	0.1
Total non-audit fees	**0.6**	0.1

8. OPERATING EXCEPTIONAL ITEMS

Operating exceptional items comprised:

	2014 £m	2013 £m
Listing costs	**12.2**	–
Restructuring costs	**–**	0.7
Aborted acquisition costs	**–**	0.2
Profit on sale of investments	**–**	(0.3)
Profit on sale of property, plant and equipment	**(0.1)**	(0.7)
Total charge/(credit)	**12.1**	(0.1)

9. STAFF COSTS

Staff costs (including Directors) for the year were:

	2014 £m	2013 £m
Wages and salaries	**60.4**	55.1
Social security costs	**7.5**	7.3
Other pension costs	**1.3**	1.0
	69.2	63.4

The average monthly number of persons employed by the Group during the year by segment was as follows:

	2014 No.	2013 No.
Residential Piping Systems	**1,342**	1,273
Commercial & Infrastructure Piping Systems		
– UK	**651**	591
– Mainland Europe	**235**	221
	2,228	2,085

10. DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out below:

	2014 £'000	2013 £'000
Fees	**255**	40
Emoluments	**1,520**	1,532
Company contributions to money purchase pension scheme	**–**	80
	1,775	1,652
Remuneration of the highest paid Director		
– Emoluments	**955**	678
– Company contributions to money purchase pension scheme	**–**	34
	955	712
Number of Directors who are members of the money purchase pension scheme	**–**	3

11. FINANCE REVENUE

	2014 £m	2013 £m
Bank interest income	**0.2**	0.3

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

12. FINANCE COSTS

	2014 £m	2013 £m
Interest on Senior Secured Notes	**5.5**	14.2
Interest on Bank loan	**2.4**	–
Debt issue cost amortisation	**0.6**	1.1
Bank interest and other finance charges	**0.4**	0.2
Finance costs	**8.9**	15.5

Debt issue cost amortisation includes a charge of £0.4 million in respect of facilities that were refinanced during 2014. The remaining unamortised amount in respect of refinanced facilities at the point of refinancing (£1.4 million) was written off within exceptional finance costs as set out below.

	2014 £m	2013 £m
Senior Secured Notes early settlement fee	**7.2**	–
Write-off of unamortised debt issue costs	**1.4**	–
Exceptional finance costs	**8.6**	–

Refinancing costs paid during 2014 amounted to £9.4 million being the early settlement fee on the Senior Secured Notes of £7.2 million and £2.2 million of debt issue costs relating to the new banking facilities.

13. TAXATION

(a) Tax charged in the income statement

	2014 £m	2013 £m
Current income tax:		
UK corporation tax	**3.7**	4.3
Overseas tax	**–**	0.1
Current income tax charge	**3.7**	4.4
Adjustment in respect of prior years	**(0.4)**	–
Total current income tax	**3.3**	4.4
Deferred tax:		
Origination and reversal of temporary differences	**(0.1)**	0.5
Effect of changes in tax rates	**–**	(0.3)
Overseas taxation	**(0.2)**	–
Total deferred tax	**(0.3)**	0.2
Tax expense in the income statement	**3.0**	4.6

(b) Reconciliation of the total tax charge

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

	2014 £m	2013 £m
Accounting profit before tax	**16.9**	24.6
Accounting profit multiplied by the UK standard rate of tax of 21.49% (2013: 23.25%)	**3.6**	5.7
Expenses not deductible for corporation tax	**4.5**	0.6
Non-taxable income	**(1.8)**	(0.4)
Utilisation of tax losses	**(2.5)**	(1.3)
Adjustments in respect of current income tax of previous years	**(0.4)**	–
Deferred tax not previously recognised	**–**	0.1
Effects of chargeable gains	**–**	0.2
Effects of changes in tax rate	**(0.4)**	(0.3)
Total tax expense reported in the income statement	**3.0**	4.6

The effective rate for the full year is 17.8%. If the impact of exceptional costs is excluded, the underlying tax rate would be 14.3%.

(c) Deferred Tax

The deferred tax included in the Group balance sheet is as follows:

	31 December 2014 £m	31 December 2013 £m
Deferred tax liability		
Short-term timing differences	**(0.3)**	0.3
Capital allowances in excess of depreciation	**2.2**	2.3
Tax losses carried forward	**(1.0)**	(1.0)
	0.9	1.6

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

A deferred tax asset of £1.0 million (2013: £1.0 million) has been recognised in the current year in respect of non-trading losses, the recoverability of which is dependent on the availability of future non-trading profits against which these losses can be used. The asset recognised represents the amount of available losses which it is considered will more than likely be recovered in future, based on the recent history of available taxable profits.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

13. TAXATION CONTINUED

(d) Change in Corporation Tax rate

The chancellor has announced that the main UK corporation tax rate will be reduced from the current rate of 21% which was applied from 1 April 2014, to 20% from 1 April 2015. The reduction in the corporation tax rate to 20% was included within the Finance Act that was enacted on 17 July 2013.

Deferred tax has therefore been provided at 20%.

(e) Unrecognised tax losses

A deferred tax asset of £1.3 million (2013: £3.5 million) in respect of surplus non-trading losses of £6.1 million (2013:£17.5 million) has not been recognised at 31 December 2014 as its recovery is uncertain.

14. DIVIDENDS

	2014 £m	2013 £m
Amounts recognised as distributions to equity holders in the year:		
– Interim dividend for the year ended 31 December 2014 of 1.5p (2013: nil) per share	**3.0**	–
Proposed final dividend for the year ended 31 December 2014 of 3.0p (2013: nil) per share	**6.0**	–

The proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

15. EARNINGS PER ORDINARY SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of the basic and diluted earnings per share is based on the following:

	2014 £m	2013 £m
Earnings		
Profit for the year attributable to equity holders of the parent	**13.9**	20.0
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**199,853,984**	199,999,862
Share options	**111,897**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**199,965,881**	199,999,862

The weighted average number of shares has been calculated assuming the consolidation and subdivision of shares (as described in note 24) took place as from 1 January 2013.

	2014 Pence	2013 Pence
Earnings per share		
Basic	**6.96**	10.00
Diluted	**6.95**	10.00

Adjusted Earnings

Adjusted profit is derived below and is defined as the result of the year, excluding the impact of exceptional operating items and exceptional finance costs. The Directors consider that this measure gives a better and more consistent indication of the Group's underlying performance.

	2014 £m	2013 £m
Operating profit for the year before operating exceptional items	**46.3**	39.7
Net finance costs (excluding exceptional finance costs)	**(8.7)**	(15.2)
	37.6	24.5
Taxation at underlying tax rate (note 13b)	**(5.4)**	(4.6)
Adjusted profit for the year	**32.2**	19.9

	2014 Pence	2013 Pence
Adjusted Earnings per share		
Basic	**16.11**	9.95
Diluted	**16.10**	9.95

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £m	Plant and other equipment £m	Total £m
Cost			
At 1 January 2013	42.4	105.6	148.0
Additions	1.3	19.6	20.9
Disposals	–	(6.4)	(6.4)
Exchange adjustment	0.1	0.8	0.9
At 31 December 2013	43.8	119.6	163.4
Additions	0.7	14.5	15.2
On acquisition	–	0.1	0.1
Disposals	–	(1.9)	(1.9)
Exchange adjustment	(0.5)	(2.0)	(2.5)
At 31 December 2014	44.0	130.3	174.3
Depreciation			
At 1 January 2013	6.5	59.6	66.1
Provided during the year	1.4	12.5	13.9
Disposals	–	(6.4)	(6.4)
Exchange adjustment	0.1	0.7	0.8
At 31 December 2013	8.0	66.4	74.4
Provided during the year	1.3	13.2	14.5
Disposals	–	(1.8)	(1.8)
Exchange adjustment	(0.3)	(1.7)	(2.0)
At 31 December 2014	9.0	76.1	85.1
Net Book Value:			
At 31 December 2014	**35.0**	**54.2**	**89.2**
At 31 December 2013	35.8	53.2	89.0

Included in freehold land and buildings is non-depreciable land of £11.0 million (2013: £11.0 million).

17. INTANGIBLE ASSETS

	Goodwill £m
At 1 January 2013 and 31 December 2013	234.4
On acquisitions in the year (note 18)	0.6
At 31 December 2014	**235.0**

Goodwill is not amortised but is subject to annual impairment testing.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to a number of cash-generating units. These represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Carrying amount of goodwill allocated to each of the cash-generating units:

Cash-generating unit	31 December 2014 £m	31 December 2013 £m
Building Products	**146.1**	146.1
Terrain	**31.4**	31.4
Civils	**36.0**	36.0
Other	**21.5**	20.9
	235.0	234.4

Impairment tests on the carrying values of goodwill are performed by analysing the carrying value allocated to each cash-generating unit against its value in use. Value in use is calculated for each cash-generating unit as the net present value of that unit's discounted future cash flows. These cash flows are based on budget cash flow information for a period of one year, construction industry forecasts of growth for the following three years and growth of between 2% to 3% thereafter.

A pre-tax discount rate of 10.7% has been applied in determining the recoverable amounts of cash-generating units. The discount rate is estimated based on the Group's risk adjusted cost of capital.

The Group has applied sensitivities to assess whether any reasonable changes in assumptions could cause an impairment that would be material to these consolidated financial statements. In the case of Polypipe France's goodwill of £9.6m, included in "other", this would be fully impaired if the revenue growth rate assumption from 2015 onwards of between 1% and 3.2%, which is based on Euroconstruct and OECD forecasts, proved to be optimistic and negative revenue growth of 0.6% was achieved from 2015 onwards. Polypipe France's goodwill would also be fully impaired if the assumed revenue growth rates were achieved but the contribution margin fell by 230 bps due to competitive pressures. Goodwill would also be impaired through a combination of these sensitivities.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. ACQUISITIONS

On 28 October 2014, the Group acquired 100% of the business and assets of Ferrob Limited. The company is involved in the public sector housing ventilation market within the UK. The consideration of £0.7 million was satisfied by a combination of cash and contingent consideration as shown below.

The fair values of the identifiable assets and liabilities of Ferrob Limited as at the date of acquisition were:

	Fair Value £m
Plant and equipment	0.1
Inventories	0.1
Trade payables	(0.1)
Total identifiable net assets at fair value	0.1
Goodwill arising on acquisition (note 17)	0.6
Total purchase consideration	0.7
Purchase consideration:	
Cash	0.3
Contingent consideration	0.4
Total purchase consideration	0.7

The goodwill of £0.6 million comprises certain intangible assets that cannot be individually separated from the acquiree due to their nature.

From the date of acquisition to 31 December 2014, Ferrob Limited has contributed £0.1 million of revenue and loss after taxation of £0.1 million to the Group's results. If the combination had taken place at the beginning of the year, the consolidated profit after tax of the Group would have been £13.7 million and revenue would have been £328.1 million.

Contingent consideration

As part of the sale and purchase agreement, contingent consideration was agreed and there could be an additional cash payment due to the previous owners of Ferrob Limited in October 2015. The amount payable is dependent on the level of revenue achieved during the 12 months to October 2015. This additional consideration has been estimated at £0.4 million but cannot exceed £3.0 million.

19. INVESTMENTS

Details of Group undertakings

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital at 31 December 2014 were as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held
Pipe Luxembourg Sarl	Luxembourg	Ordinary £1	100%
Pipe Holdings 1 Plc	England & Wales	Ordinary £1	100%*
Pipe Holdings 2 Plc	England & Wales	Ordinary £1	100%*
Polypipe Holdings (Ireland) Limited	Ireland	Ordinary £1	100%*
Pipe Holdings Plc	England & Wales	Ordinary £1	100%*
Polypipe Limited	England & Wales	Ordinary £1	100%*
Polypipe France SA	France	Ordinary €200	100%*
Polypipe Italy SRL	Italy	Ordinary €0.52	100%*
Robimatic Limited	England & Wales	Ordinary £1	100%*
Ferrob Ventilation Limited	England & Wales	Ordinary £1	100%*

All the companies operate principally in their country of registration and in the same class of business as the Group. The shares in the undertakings marked with an asterisk are held by subsidiary undertakings.

20. INVENTORIES

	31 December 2014 £m	31 December 2013 £m
Raw materials	**13.5**	13.1
Work in progress	**4.8**	4.2
Finished goods	**21.6**	21.6
	39.9	38.9

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

21. TRADE AND OTHER RECEIVABLES

	31 December 2014 £m	31 December 2013 £m
Trade receivables	**15.1**	14.6
Other receivables	**0.7**	2.2
Prepayments and accrued income	**5.1**	4.6
	20.9	21.4

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

NOTES TO THE GROUP FINANCIAL STATEMENTS
For the year ended 31 December 2014

21. TRADE AND OTHER RECEIVABLES CONTINUED

Impairment losses

The Group maintains a substantial level of credit insurance covering the majority of its trade receivables which mitigates against possible impairment losses. Therefore, such impairment losses are not significant.

The ageing of trade receivables at the reporting date was:

	31 December 2014			31 December 2013		
	Gross £m	**Provisions £m**	**Net £m**	Gross £m	Provisions £m	Net £m
Not past due	**13.8**	**–**	**13.8**	14.0	–	14.0
Past due 1–30 days	**1.0**	**–**	**1.0**	0.4	–	0.4
Past due 31–90 days	**0.4**	**(0.1)**	**0.3**	0.5	(0.3)	0.2
Past due more than 90 days	**0.5**	**(0.5)**	**–**	0.4	(0.4)	–
Total	**15.7**	**(0.6)**	**15.1**	15.3	(0.7)	14.6

The movements in provisions for impairment of trade receivables are as follows:

	£m
At 31 December 2012	0.7
Charged to the consolidated income statement during the year	0.1
Utilised during the year	(0.1)
At 31 December 2013	0.7
Charged to the consolidated income statement during the year	0.2
Utilised during the year	(0.3)
At 31 December 2014	**0.6**

22. OTHER FINANCIAL ASSETS

	31 December 2014 £m	31 December 2013 £m
Forward currency derivative contracts	**–**	0.4

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	31 December 2014 £m	31 December 2013 £m
Cash at bank and in hand	**42.7**	65.1
Short-term cash deposits	**0.4**	0.8
	43.1	65.9

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Group only deposits cash surpluses with major banks of high quality credit standing.

24. SHARE CAPITAL AND RESERVES

Share capital

Authorised share capital:

	2014 Number*	2014 £	2013 Number*	2013 £
Ordinary shares of £0.001 each	**200**	**200,000**	–	–
A ordinary preference shares of £0.00001 each	–	–	9,169.4	91,694
AA ordinary preference shares of £0.00001 each	–	–	4,315.8	43,158
AAA ordinary preference shares of £0.00001 each	–	–	6,978.5	69,785
B ordinary preference shares of £0.005 each	–	–	122.4	612,007
D ordinary shares of £0.01 each	–	–	15.3	152,906
F ordinary shares of £0.005 each	–	–	61.2	306,003
		200,000		1,275,553

Allotted, called up and fully paid:

	2014 Number*	2014 £	2013 Number*	2013 £
Ordinary shares of £0.001 each	**200**	**200,000**	–	–
A ordinary preference shares of £0.00001 each	–	–	9,169.4	91,694
AA ordinary preference shares of £0.00001 each	–	–	4,315.8	43,158
AAA ordinary preference shares of £0.00001 each	–	–	6,978.5	69,785
B ordinary preference shares of £0.005 each	–	–	121.1	605,507
D ordinary shares of £0.01 each	–	–	15.3	152,906
F ordinary shares of £0.005 each	–	–	59.9	299,503
		200,000		1,262,553

* Millions of shares.

On 16 April 2014 the Company's entire issued share capital was consolidated and then subdivided into 199,999,862 Ordinary Shares of £0.001 each and 146,354,735,914 Deferred Shares of £0.00001 each. The Deferred Shares were cancelled on 16 April 2014.

The Ordinary Shares are voting non-redeemable shares and rank equally as to dividends, voting rights and any return of capital on winding up.

Capital redemption reserve

Following the consolidation and subdivision of shares in the year the Company's deferred shares were cancelled. In order to maintain the Company's capital a transfer has been made from retained earnings to a capital redemption reserve.

Treasury shares

Treasury shares represent the cost of Polypipe Group plc shares purchased in the market and held by the Company to satisfy the future exercise of options under the Group's share option schemes. At 31 December 2014 the Group held 739,522 (2013: nil) of its own shares at an average cost of 234p per share. The market value of the shares at 31 December 2014 was £1.8 million (2013: £nil). The nominal value of each share is £0.001.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

24. SHARE CAPITAL AND RESERVES CONTINUED

Hedging reserve

The hedging reserve contains the effective portion of the cash flow hedge relationships entered into by the Group.

Foreign currency retranslation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure to support its business objectives and maximise Shareholder value. The Group regards Shareholders' equity and net debt as its capital. The Group's net debt is defined as cash and cash equivalents, loans and borrowings and derivative financial assets and liabilities.

At the year end the Group had bank debt of £120.0 million, undrawn committed revolving credit facility of £40.0 million and cash of £43.1 million. A key objective of the Group is to maintain sufficient liquidity (cash and committed bank facilities) in order to meet its cash commitments including interest payments due on that debt.

No changes were made to the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

25. SHARE-BASED PAYMENTS

The following share options were granted this year:

	Exercise period	Option price (p)	**2014 Number of shares**	2013 Number of shares
2014 SAYE option scheme	2017–2018	1.99	**1,763,137**	–
2014 LTIP award	2017–2024	Nil	**36,314**	–
			1,799,451	–

SAYE

SAYE options were granted to eligible employees on 18 September 2014 at an exercise price of £1.99, a 20% discount to the average share price over the three days preceding the offer. Participating employees can exercise their options to purchase the shares acquired through their savings plans at the option price after three years.

LTIP

The Company operates the LTIP under which certain senior executives could receive a performance based amount of Polypipe shares up to a maximum of 50% of base salary. Vesting of the awards is based on the growth in the Group's operating profit over three years. LTIPs were awarded to two senior executives below Board level on 8 September 2014.

These equity-settled, share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled, share-based payments is expensed to the income statement on a straight-line basis over the vesting period, based on the Group's estimates of share that will eventually vest. The charge is then credited back to reserves. Fair value is measured by use of a Black–Scholes model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

	2014 SAYE	2014 LTIP
Share price at grant date	**£2.42**	**£2.40**
Exercise price	**£1.99**	**£nil**
Shares under option	**1,763,137**	**36,314**
Vesting period (years)	**3.25**	**3**
Expected volatility	**28%**	**28%**
Expected life (years)	**3.25**	**3**
Risk free rate	**1.4%**	**1.1%**
Dividend yield	**2.5%**	**2.5%**
Fair value per option (£)	**£0.655**	**£2.358**

The expected volatility is based on historical share price movements. The Directors anticipate it is possible the performance criteria in relation to the LTIP may not be met.

Share-based payments	**2014 £m**	2013 £m
Charge for the year	**0.1**	–

26. TRADE AND OTHER PAYABLES

	31 December 2014 £m	31 December 2013 £m
Trade payables	**47.5**	39.8
Other taxes and social security costs	**7.4**	7.9
Accruals	**10.3**	14.3
	65.2	62.0

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

27. FINANCIAL LIABILITIES

	31 December 2014 £m	31 December 2013 £m
Non-current loans and borrowings:		
Bank loans – principal	**120.0**	–
– unamortised debt issue costs	**(2.0)**	–
Senior Secured Notes – principal	**–**	150.0
– interest	**–**	2.4
– unamortised debt issue costs	**–**	(1.8)
Total non-current loans and borrowings	**118.0**	150.6
Other financial liabilities:		
Interest rate swap	**2.4**	–
Forward currency derivative contracts	**0.2**	–
Total other financial liabilities	**2.6**	–

Bank Loans

The bank loan of £120 million is secured and is for a five year term expiring in March 2019. Interest is payable on the bank loan at LIBOR plus an interest margin of 2.75%, which reduces if the leverage rates (net debt to EBITDA) reduces. The interest margin at the year end was 2.5%.

At 31 December 2014, the Group had available £40 million (2013: £30 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. £nil (2013: £nil) of these facilities fall for review within one year and the remainder is available until March 2019.

The Group is subject to a number of covenants in relation to its bank loan which, if breached, would result in the bank loan becoming immediately repayable. These covenants specify certain maximum limits in terms of net debt as a multiple of EBITDA and interest cover. At the year end the Group was not in breach of any bank covenants. The covenant position as at 31 December 2014 was as follows:

Covenant	**Covenant requirement**	**Position at 31 December 2014**
Interest cover (EBIT:Net finance costs excluding debt issuance cost amortisation)	>3:1	5.7:1
Leverage (EBITDA:Net debt)	<3:1	1.3:1

All covenant calculations exclude exceptional items.

Senior Secured Notes

The £150 million Senior Secured Notes were repaid on 21 May 2014.

28. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Group has entered into commercial leases on certain properties and plant and equipment. These leases have an average life of between 7 and 15 years.

Future minimum rentals payable under non-cancellable operating leases were as follows:

	31 December 2014 £m	31 December 2013 £m
Land and Buildings		
Within one year	**0.1**	0.1
After one year, but not more than five years	**1.2**	0.5
More than five years	**9.2**	10.4
	10.5	11.0

	£m	£m
Other		
Not later than one year	**0.2**	0.2
After one year, but not more than five years	**2.0**	1.8
More than five years	**1.1**	1.5
	3.3	3.5

Capital commitments

As at 31 December 2014, the Group had commitments of £2.6 million (2013: £0.9 million) relating to plant and equipment purchases.

29. RELATED PARTY TRANSACTIONS

Prior to the IPO the Company paid a management fee of £116,000 (2013:£400,000) to Cavendish Square Partners Limited Partnership, manager of the Cavendish Square Partners fund, which is a shareholder of the Company. Since the IPO a non-executive director's fee of £32,000 was paid to Cavendish Square Partners Limited Partnership for Mark Hammond, a partner in Caird Capital which manages Cavendish Square Partners Limited Partnership.

Compensation of key management personnel (including Directors)

	2014 £m	2013 £m
Short-term employee benefits	**2.4**	2.4
Post-employee benefits	**–**	0.1
	2.4	2.5

Key management personnel comprise the Executive Directors and key divisional managers.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables and cash that are derived directly from its operations.

The Group is exposed to interest rate, foreign currency, credit and liquidity risk.

The Group's senior management oversees the management of these risks which are summarised below.

Interest rate risk

The interest rate on its £120 million Term Bank Loan is variable, being payable at LIBOR plus a margin. To reduce the Group's exposure to future increases in interest rates the Group entered into an interest rate swap on 16 April 2014 for the following notional amounts, with interest payable at a fixed rate of 2.21% (excluding margin):

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

Year ended 31 December	Notional amount £m
2014	–
2015	48.0
2016	60.0
2017	70.2 – 72.0
2018	66.6 – 68.4
To March 2019	64.8

Foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument or future cash flows will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities where the revenue or expense is denominated in a currency other than the functional currency of the entity undertaking the transaction.

The Group enters into forward currency contracts for the purchase and sale of foreign currencies in order to manage its exposure to fluctuations in currency rates primarily in respect of US Dollar and Euro receipts.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a 10% change in the Euro exchange rate versus Pounds Sterling, the presentational currency of the Group used for translation purposes, on the net assets and consolidated net income of the Group. The Group's exposure to foreign currency changes for all other currencies is not material.

Change in exchange rate	Effect on net assets £m	Effect on profit after tax £m
2014		
10% strengthening of Sterling: against Euro	(1.2)	–
10% weakening of Sterling: against Euro	1.4	–
2013		
10% strengthening of Sterling: against Euro	(1.6)	–
10% weakening of Sterling: against Euro	1.9	–

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with bank.

Trade receivables

Customer credit risk is managed by each subsidiary subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major export customers are generally covered by letters of credit or other forms of credit insurance.

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as disclosed in Note 21.

The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low. At 31 December 2014, 74.5% of net trade receivables were covered by credit insurance which is subject to the normal policy deductibles.

Financial instruments and cash deposits

The Group maintains strong liquidity through cash balances and deposits (£43.1 million at 31 December 2014) and its undrawn £40 million committed revolving credit facility which matures in March 2019.

Credit risk from balances with banks is managed by the Group's finance department. Investments of surplus funds are made only with banks that have as a minimum a single A credit rating. The Group's maximum exposure to credit risk for the components of the balance sheet at 31 December 2014 and 31 December 2013 is the carrying amounts as illustrated in note 23.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group had cash and cash equivalents of £43.1 million on 31 December 2014, £40 million of undrawn and committed credit facilities and no debt maturities within 12 months.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 December 2014

	< 3 months £m	**3 to 12 months £m**	**1 to 5 years £m**	**Total £m**
Secured bank loan:				
– principal	**–**	**–**	**120.0**	**120.0**
– interest	**–**	**–**	**–**	**–**
Other financial liabilities:				
– forward currency derivatives	**0.1**	**0.1**	**–**	**0.2**
– interest rate swap	**–**	**–**	**2.4**	**2.4**
Trade and other payables	**65.3**	**–**	**1.7**	**67.0**
	65.4	**0.1**	**124.1**	**189.6**

Year ended 31 December 2013

	< 3 months £m	3 to 12 months £m	1 to 5 years £m	Total £m
Interest bearing Senior Secured Notes:				
– principal	–	–	150.0	150.0
– interest	–	14.2	14.3	28.5
Trade and other payables	62.0	–	2.0	64.0
	62.0	14.2	166.3	242.5

NOTES TO THE GROUP FINANCIAL STATEMENTS
For the year ended 31 December 2014

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

Fair values of financial assets and financial liabilities

The book value of trade and other receivables, trade and other payables, cash balances, bank loans and other liabilities equates to fair value.

The table below sets out the Group's accounting classification of its other financial assets and liabilities and their fair values and carrying values:

	Carrying value £m	Fair value £m
Foreign currency derivative contracts	**(0.2)**	**(0.2)**
Interest rate swap	**(2.4)**	**(2.4)**
Interest bearing loans and borrowings due after more than one year	**(118.0)**	**(118.0)**
Total at 31 December 2014	**(120.6)**	**(120.6)**

	Carrying value £m	Fair value £m
Foreign currency derivative contracts	0.4	0.4
Interest bearing loans and borrowings due after more than one year	(150.6)	(157.5)
Total at 31 December 2013	(150.2)	(157.1)

The fair value of the interest rate swap was determined by reference to market values.

Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts.

The fair value of the senior secured notes is based on their quoted mid point market value.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorder fair value that are not based on observable market data.

The fair values disclosed above all relate to items categorised as Level 2.

There have been no transfers in any direction in the period.

31. SUBSEQUENT EVENTS

Subsequent to the year end, on 30 January 2015 the Group acquired 100% of the share capital of Surestop Limited, a company which manufactures and supplies a range of patented water mains switch-off devices. The cash consideration of £6.0 million included payment for £0.8 million net cash at completion. Surestop's pre acquisition revenue and operating profit for the year 31 December 2014 was £2.1 million and £0.7 million respectively. The purchase price is in the process of being allocated in accordance with IFRS 3. As a result the initial accounting for the acquisition is currently incomplete, so a fair value table of the identifiable assets and liabilities has not been presented.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in relation to the Parent Company financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

COMPANY BALANCE SHEET

At 31 December 2014

	Notes	2014 £m	2013 £m
Fixed assets			
Investments	2	**232.3**	232.2
Current assets			
Debtors	3	**57.6**	51.2
Creditors – Amounts falling due within one year	4	**(23.9)**	(5.0)
Net current assets		**33.7**	46.2
Total assets less current liabilities		**266.0**	278.4
Creditors – Amounts falling due after more than one year	5	**–**	(0.3)
Net assets		**266.0**	278.1
Capital and reserves			
Called up share capital	7	**0.2**	1.3
Treasury shares	8	**(1.7)**	–
Capital redemption reserve	8	**1.1**	–
Profit and loss account	8	**266.4**	276.8
Shareholders' funds		**266.0**	278.1

These financial statements were approved by the Board on 26 March 2015.

P D Shepherd
Director

Company Registration No. 06059130

COMPANY RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 December 2014

	Year ended 31 December 2014 £m	Year ended 31 December 2013 £m
Shareholders' funds at 1 January	**278.1**	272.9
Total recognised gains and losses in the year	**(7.5)**	5.2
Dividends paid	**(3.0)**	–
Purchase of treasury shares	**(1.7)**	–
Share-based payments	**0.1**	–
Shareholders' funds at 31 December	**266.0**	278.1

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the current and preceding year in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards, and under the historical cost accounting rules.

The Directors, having considered all relevant risk factors, believe the Group has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company has taken advantage of the exemption in paragraph of 2D of FRS 29 'Financial Instruments: Disclosures' and has not disclosed information required by that standard, as the Group's consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under 'IFRS 7 Financial Instruments: Disclosures'.

Investments

Investments in subsidiary undertakings are stated at cost less provision for any diminution in value.

Treasury Shares

The Company holds own shares for the granting of Group shares to employees and Directors. These treasury shares are presented in the balance sheet as a deduction from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments. There are no dividends earned on these shares.

Share-based payment transactions

In the case of equity-settled schemes, the fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The value of the options is measured using the Black–Scholes model, taking into account the terms and conditions (including market and non-vesting conditions) upon which the options were granted. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings are recognised by the Company in its individual financial statements. In particular, the Company records an increase in its investment in subsidiaries with a credit to equity equivalent to the FRS 20 cost in subsidiary undertakings.

2. INVESTMENTS

	Shares in Group Undertakings £m
Cost:	
At 1 January 2014	232.2
Additions – Share-based payments	0.1
At 31 December 2014	**232.3**
Net Book Value:	
At 31 December 2014	**232.3**
At 31 December 2013	232.2

In 2014, an adjustment in respect of share-based payments of £110,000 (2013: £nil) was made to shares in Group undertakings, representing the financial effects of awards by the Company of options over its equity shares to employees of subsidiary undertakings. The total contribution to date is £110,000 (2013: £nil).

The Directors consider that to give full particulars of all the subsidiary undertakings would lead to a statement of excessive length.

The principal companies in which the Company has an interest at the year end were as follows:

Name of company	Country of incorporation	Class of shares held	Percentage of shares held
Pipe Luxembourg Sarl	Luxembourg	Ordinary £1	100%
Pipe Holdings 1 Plc	England and Wales	Ordinary £1	100%*
Pipe Holdings 2 Limited	England and Wales	Ordinary £1	100%*
Polypipe Holdings (Ireland) Ltd	Ireland	Ordinary £1	100%*
Pipe Holdings Plc	England and Wales	Ordinary £1	100%*
Polypipe Limited	England and Wales	Ordinary £1	100%*
Polypipe France SA	France	Ordinary €200	100%*
Polypipe Italia SRL	Italy	Ordinary €0.52	100%*
Robimatic Limited	England and Wales	Ordinary £1	100%*
Ferrob Ventilation Limited	England and Wales	Ordinary £1	100%*

All the companies operate principally in their country of registration and in the same class of business as the Group. The shares in the undertakings marked with an asterisk are held by subsidiary undertakings.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. DEBTORS

Amounts falling due within one year	2014 £m	2013 £m
Other debtors	–	0.2
Amounts owed by subsidiary undertakings	57.6	51.0
	57.6	51.2

4. CREDITORS

Amounts falling due within one year	2014 £m	2013 £m
Trade and other creditors	0.1	–
Amounts owed to subsidiary undertakings	23.8	5.0
	23.9	5.0

5. CREDITORS

Amounts falling due after more than one year	2014 £m	2013 £m
Loans (note 6)	–	0.3
	–	0.3

6. LOANS

	2014 £m	2013 £m
Amounts falling due:		
In one year or less or on demand	–	–
In more than two years but not more than five years	–	–
In more than five years	–	0.4
	–	0.4
Less: debt issuance costs unamortised	–	(0.1)
	–	0.3
Less: included in creditors falling due within one year	–	–
Loans falling due after more than one year	–	0.3
Details of loans not wholly repayable within five years are as follows:		
Deferred ordinary shares	–	0.4
	–	0.4

7. CALLED UP SHARE CAPITAL

The Company's authorised share capital was:

	2014 Number*	2014 £	2013 Number*	2013 £
Ordinary Shares of £0.001 each	**200**	**200,000**	–	–
A ordinary preference shares of £0.00001 each	–	–	9169.4	91,694
AA ordinary preference shares of £0.00001 each	–	–	4315.8	43,158
AAA ordinary preference shares of £0.00001 each	–	–	6978.5	69,785
B ordinary preference shares of £0.005 each	–	–	122.4	612,507
D ordinary shares of £0.01 each	–	–	15.3	152,906
F ordinary shares of £0.005 each	–	–	61.2	306,003
		200,000		1,275,553

The Company's allotted, called up and fully paid share capital was:

	2014 Number*	2014 £	2013 Number*	2013 £
Ordinary Shares of £0.001 each	**200**	**200,000**	–	–
A ordinary preference shares of £0.00001 each	–	–	9169.4	91,694
AA ordinary preference shares of £0.00001 each	–	–	4315.8	43,158
AAA ordinary preference shares of £0.00001 each	–	–	6978.5	69,785
B ordinary preference shares of £0.005 each	–	–	121.1	605,507
D ordinary shares of £0.01 each	–	–	15.3	152,906
F ordinary shares of £0.005 each	–	–	59.9	299,503
		200,000		1,262,553

* Millions of shares.

On 16 April 2014 the Company's entire issued share capital was consolidated and then subdivided into 199,999,862 Ordinary Shares of £0.001 each and 146,354,735,914 Deferred Shares of £0.00001 each. The Deferred Shares were cancelled on 16 April 2014.

The Ordinary Shares are voting non-redeemable shares and rank equally as to dividends, voting rights and any return of capital on winding up.

Details of share options in issue on the Company's share capital and share-based payments are set out in note 25 to the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2014

8. RESERVES

	Capital redemption reserve £m	Treasury shares £m	Profit and loss account £m
At 1 January 2014	–	–	276.8
Loss for the financial year	–	–	(7.5)
Share-based payments	–	–	0.1
Dividends paid	–	–	(3.0)
Purchase of treasury shares	–	1.7	–
Cancellation of deferred shares	1.1	–	–
At 31 December 2014	1.1	1.7	266.4

Capital redemption reserve

Following the consolidation and subdivision of shares in the year the Company's deferred shares were cancelled. In order to maintain the Company's capital a transfer has been made from retained earnings to a capital redemption reserve.

Treasury shares

Treasury shares represent the cost of the Company's own shares purchased in the market and held to satisfy the future exercise of options under the Group's share option schemes. Note 24 to the Group financial statements gives further details of these shares

9. PROFIT FOR THE FINANCIAL YEAR

Polypipe Group plc has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The loss after tax dealt with in the financial statements of the Company is £7.5 million (2013: £5.2 million profit after tax).

Remuneration paid to the Directors of the Company is disclosed in note 10 to the Group financial statements.

Amounts paid to the Company's Auditor in respect of the audit of the financial statements of the Company are disclosed in note 7 to the Group financial statements.

Fees paid to the Auditor for non-audit services to the Company itself are not disclosed in the individual accounts of the Company because the Group financial statements are prepared which are required to disclose such fees on a consolidated basis. These are disclosed in note 7 to the Group financial statements.

10. RELATED PARTY TRANSACTIONS

Related party transactions with wholly owned Group members are not disclosed as permitted by FRS 8, 'Related Party Disclosures'.

Prior to the IPO the Company paid a management fee of £116,000 (2013:£400,000) to Cavendish Square Partners Limited Partnership, manager of the Cavendish Square Partners fund, which is a shareholder of the Company. Since the IPO a non-executive director's fee of £32,000 was paid to Cavendish Square Partners Limited Partnership for Mark Hammond, a partner in Caird Capital which manages Cavendish Square Partners Limited Partnership.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Preliminary Announcement of Results for the year ended 31 December 2014	26 March 2015
Annual General Meeting	27 May 2015
Final dividend for year ended 31 December 2014	
– record date	8 May 2015
– payment date	28 May 2015
Half yearly results for year ending 31 December 2015	17 August 2015
Half yearly dividend for year ending 31 December 2015	
– record date	28 August 2015
– payment date	25 September 2015

REGISTRAR SERVICES

Our Shareholder register is managed and administered by Capita Asset Services. Capita Asset Services should be able to help you with most questions you have in relation to your holding in Polypipe Group shares.

Capita Asset Services can be contacted at:

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

www.capitaassetservices.com

Telephone: 0871 664 0300 (calls cost 10p a minute plus network extras, lines are open 9 am–5:30 pm Mon–Fri) (from outside the UK: +44 20 8639 3399) email: shareholderenquiries@capita.co.uk

In addition, Capita offers a range of other services to Shareholders including a share dealing service and a share portal to manage your holdings.

SHARE DEALING SERVICE

A share dealing service is available to existing Shareholders to buy or sell the Company's shares via Capita Share Dealing Services. Online and telephone dealing facilities provide an easy to access and simple to use service.

For further information on this service, or to buy of sell shares, please contact:

www.capitadeal.com – online dealing

0870 664 0364 – telephone dealing

email: info@capitadeal.com

Please note that the Directors of the Company are not seeking to encourage Shareholders to either buy or sell their shares. Shareholders in any doubt as to what action to take are recommended to seek financial advice from an independent financial adviser authorised by the Financial Services and Markets Act 2000.

SHAREHOLDER INFORMATION

PRINCIPAL GROUP BUSINESSES

RESIDENTIAL PIPING SYSTEMS

Polypipe Building Products
Broomhouse Lane
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Doncaster
DN12 1ES

Neale Road
Doncaster
DN2 4PG

Polypipe Ulster
Dromore Road
Lurgan
Co. Armagh
BT66 7HL

Polypipe Ventilation
Sandall Stones Road
Kirk Sandall Industrial Estate
Kirk Sandall
Doncaster
DN3 1QR

COMMERCIAL & INFRASTRUCTURE PIPING SYSTEMS – UK

Polypipe Civils
Charnwood Business Park
North Road
Loughborough
LE11 1LE

Holmes Way
Horncastle
LN9 6JW

Polypipe Terrain
New Hythe Business Park
College Road
Aylesford
Kent
ME20 7PJ

COMMERCIAL & INFRASTRUCTURE PIPING SYSTEMS – MAINLAND EUROPE

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F-68580 Seppois-Le-Bas
France

Polypipe France, Building Products
79, rue de L'Industrie
ZI de Melou
BP 70512
F-81107 Castres
Cedex
France

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