

ETEXCO SA

(incorporated with limited liability (naamloze vennootschap / société anonyme) under the laws of Belgium)

Public offer in Belgium and Luxembourg of

5.00 per cent. Fixed Rate Bonds due 31 March 2017

Issue Price: 101.00% - gross actuarial yield on issue price: 4.755%

ISIN Code: BE0002187533 / Common Code: 082616543 (the "**Bonds**")

for an expected minimum amount of EUR 100,000,000 and
for a maximum amount of EUR 400,000,000

with a guarantee by certain affiliates of Etexco SA (the "**Guarantors**"), granted irrevocably, jointly, severally and unconditionally, subject to the limitations agreed in the Trust Deed.

Application has been made for the Bonds to be listed on NYSE Euronext Brussels and to be admitted to trading on the regulated market of NYSE Euronext Brussels.

Issue Date: 27 September 2012

Offer Period: from 6 September 2012 to 20 September 2012 included (subject to early closing)

Joint Lead Managers and Joint Bookrunners

BNP Paribas Fortis

Credit Agricole CIB

ING

KBC Bank

Lloyds Bank

Santander Global Banking & Markets

The date of this Prospectus is 3 September 2012

Investors are invited to read the entire Prospectus, including the risk factors as set out on page 24 and following of the Prospectus

The issue price of the 5.00 per cent. Bonds due 31 March 2017 (the "**Bonds**") of Etexco SA (the "**Issuer**") is 101.00 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Bonds will be redeemed at their principal amount on 31 March 2017. The Bonds are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in Belgium, The Netherlands, Luxembourg, the United Kingdom, Chile or any other jurisdiction from time to time in which the Issuer or a Guarantor (as defined below) becomes subject to tax. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for tax reasons*".

The Bonds will bear interest from 27 September 2012 at the rate of 5.00 per cent. per annum payable annually in arrear on 31 March each year commencing on 31 March 2013. Payments on the Bonds will be made in euro without deduction for or on account of taxes imposed or levied by Belgium, The Netherlands, Luxembourg, the United Kingdom, Chile or any other jurisdiction from time to time in which the Issuer or a Guarantor (as defined below) becomes subject to tax. See "*Terms and Conditions of the Bonds—Taxation*".

E M Holdings UK Ltd, Eternit NV, Etex SA, Inversiones Etex Chile Limitada, Merilux S.à.r.l., Nefibouw B.V. and Promat International NV (each an "**Original Guarantor**" and together the "**Original Guarantors**") will (subject to certain limitations) unconditionally and irrevocably guarantee the due and punctual payment of all amounts at any time becoming due and payable in respect of the Bonds. Further subsidiaries of Etex SA may become guarantors (the "**New Guarantors**" and, together with the Original Guarantors, the "**Guarantors**") of the Bonds in accordance with Condition 1(f) (*Form, Denomination, Status and Guarantee of the Bonds – New Guarantors*). Any Guarantor (excluding Etex SA) may cease to be a guarantor of the Bonds in certain circumstances as further described in Condition 1(e) (*Form, Denomination, Status and Guarantee of the Bonds— Release of Guarantors*). The "**Group**" shall mean Etex SA and its Subsidiaries (as defined in Condition 2 (*Definitions*)).

This listing and offering prospectus dated 3 September 2012 (the "**Prospectus**"), has been approved by the Belgian Financial Services and Markets Authority (the "**FSMA**"), which is the Belgian competent authority for the purpose of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") as a Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Belgium for the purposes of giving information with regard to the issue of the Bonds. This approval cannot be considered as a judgment as to the opportunity or the quality of the transaction, nor on the situation of the Issuer or the Group. The summary of this Prospectus has been translated in Dutch and French. Application has been made for a certificate of approval under Article 18 of the Prospectus Directive as implemented in Belgium to be issued by the FSMA to the competent authority in Luxembourg. Application has also been made for the Bonds to be admitted to listing on the official list and trading on the regulated market of NYSE Euronext Brussels. The regulated market of NYSE Euronext Brussels is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments.

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Bonds are being offered outside the United States by the Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the

United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bonds are in dematerialised form in accordance with Articles 468 *et seq.* of the Belgian Company Code. The Bonds will be represented by a book entry in the records of the clearing system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**NBB System**"). The Bonds can be held by their holders through the participants in the NBB System, including Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme, ("**Clearstream, Luxembourg**") and through other financial intermediaries which in turn hold the Bonds through Euroclear, Clearstream, Luxembourg or other participants in the NBB System. The Bonds are transferred by account transfer. Payments of principal, interest and other sums due under the Bonds will be made in accordance with the rules of the NBB System through the NBB. Bondholders are entitled to exercise any other rights they have, including exercising their voting rights and other associative rights (as defined for the purposes of Article 474 of the Belgian Company Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing their position in the Bonds (or the position held by the financial institution through which their Bonds are held with the NBB, Euroclear or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

The Bonds have a denomination of EUR 1,000.

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IMPORTANT NOTICES AND WARNING

Each of the Issuer and Etex SA accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import. Each Original Guarantor (other than Etex SA) accepts responsibility for the information contained in this Prospectus to the extent that such information relates to itself or the Guarantee (which term, for the purposes of the responsibility statements in this "Important Notices" section, shall mean the Guarantee insofar as it relates to the relevant Original Guarantor only), and declares that having taken all reasonable care to ensure that such is the case, such information is to the best of its knowledge in accordance with the facts and contains no omission likely to affect its import (the Issuer, Etex SA and each Guarantor, subject to the above, each a "**Responsible Person**").

In addition, in the context of any offer of Bonds that is not made within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a "**Public Offer**"), in relation to any person (an "**Investor**") to whom such offer is made by any financial intermediary to whom the Responsible Persons have given their consent to use this Prospectus in accordance with the below, where the offer is made during the period for which that consent is given and where the offer is made in Belgium or Luxembourg and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Prospectus, each Responsible Person accepts responsibility in each such Member State for the content of this Prospectus as set forth above. However, neither any Responsible Person nor any Joint Lead Manager has any responsibility for any of the actions of any Authorised Offeror (as defined below) (other, as the case may be, than the relevant Placing Bookrunner for its own actions to the extent it makes a Public Offer), including compliance by an Authorised Offeror (as defined below) (other than as aforesaid) with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The Issuer and each Guarantor consent to the use of this Prospectus in connection with a Public Offer during the offer period starting on 6 September 2012 and ending on 20 September 2012 (and regardless of early termination as specified in the section "*Subscription and Sale*" below) in Belgium and Luxembourg by each Placing Bookrunner and by any other financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) (each an "**Authorised Offeror**").

Any Authorised Offeror who wishes to use this Prospectus in connection with a Public Offer as set out in above is required, for the duration of the relevant offer period, to publish on its website that it is using this Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.

An offer may be made during the offer period starting on 6 September 2012 and ending on 20 September 2012 (and regardless of early termination as specified in the section "*Subscription and Sale*" below) by any of the Issuer, any Guarantor, any Joint Lead Manager or any relevant Authorised Offeror in Belgium and Luxembourg and in each case as set out in this Prospectus.

Neither the Issuer nor any Guarantor nor any of the Joint Lead Managers has authorised the making of any Public Offer of any Bonds by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Bonds unless (1) the offer is made by an Authorised Offeror as described above or (2) the offer is otherwise made in circumstances falling within an exemption from the requirement to publish a prospectus under the Prospectus Directive. Any such unauthorised offers are not made by or on behalf of the Issuer, any Guarantor, any Joint Lead Manager or any Authorised Offeror and none of the Issuer, the Guarantors, any Joint Lead Manager or any Authorised Offeror has any responsibility or liability for the actions of any person making such offers.

An Investor intending to acquire or acquiring any Bonds from an Authorised Offeror will do so, and offers and sales of the Bonds to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Public Offer"). Neither the Issuer nor any Guarantor will be a party to any such arrangements with Investors (other than the Placing Bookrunners) in connection with the offer or sale of the Bonds and, accordingly, this Prospectus will not contain the Terms and Conditions of the Public Offer (other than in respect of the Public Offer to be made by the Placing Bookrunners, in which respect please refer to the section "Subscription and Sale" below). The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the relevant time. None of the Issuer, any Guarantor, any of the Joint Lead Managers or other Authorised Offerors has any responsibility or liability for such information.

Each of the Issuer and Etex SA and each Original Guarantor (other than Etex SA) (to the extent that such information relates to it or the Guarantee) has confirmed to the Joint Lead Managers named under "*Subscription and Sale*" below (the "**Managers**") that this Prospectus contains all information regarding the Issuer, each Original Guarantor and the Bonds which is (in the context of the issue of the Bonds) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions or intentions expressed in this Prospectus on the part of the Issuer or (as the case may be) each Original Guarantor are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

Neither the Issuer nor any Original Guarantor has authorised the making or provision of any representation or information regarding the Issuer, any Original Guarantor or the Bonds other than as contained in this Prospectus or as approved for such purpose by the Issuer and each Original Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Original Guarantors or the Managers.

Neither the Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information

contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or any Original Guarantor since the date of this Prospectus.

Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Original Guarantors and their affiliates in the ordinary course of business. Reference is made to the description of the syndicated credit facility agreement in "*Description of the Issuer and the Group - Material Contracts – Syndicated Credit Facility*". Certain of the Managers and/or their respective affiliates act as Arrangers and lenders under this syndicated credit facility agreement. When acting in the capacity of lender, the Managers have no duty to take into accounts the interests of the investors.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any Original Guarantor or the Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating a purchase of the Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds. Save for the Issuer and the Guarantors, no other party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information in connection with the Issuer or the offering of the Bonds. The Managers do not accept any liability, whether arising in tort or in contract or in any other event, in relation to the information contained or incorporated by reference in this Prospectus or any other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds.

In the event of a significant new factor, material mistake or inaccuracy relating to the information included in the prospectus which is capable of affecting the assessment of the securities and which arises or is noted between the time of the approval of the Prospectus and the final closing of the public offer of the Bonds in Belgium and Luxembourg, subject of this Prospectus, or, as the case may be, the time when trading on a regulated market commences, whichever is the later, the Issuer and the Guarantors will have a supplement to the Prospectus published containing this information. This supplement will be published in compliance with at least the same regulations as the Prospectus, and will be published on the websites of the Issuer (within the section addressed to investors), and of BNP Paribas Fortis (including BGL BNP Paribas) (www.bnpparibasfortis.be (sub "save and invest"), ING Belgium (www.ing.be (sub "Investments – Bonds") and KBC Bank (including CBC SA) (www.kbc.be) (the "**Placing Bookrunners**"). The Issuer must ensure that this supplement is published as soon as possible after the occurrence of such new significant factor.

Investors who have already agreed to purchase or subscribe to securities before the publication of the supplement to the Prospectus, have the right to withdraw their agreement during a period of two working days commencing on the day after the publication of the supplement.

The distribution of this Prospectus and the offering, sale and delivery of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Original Guarantors and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of this Prospectus and other offering material relating to the Bonds, see "*Subscription and Sale*" below.

In particular, the Bonds have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

FURTHER INFORMATION

For more information about the Issuer or the Guarantors, please contact:

ETEX SA/NV

Att. Mrs. Regine Van Tomme, Corporate Communications Director
Avenue de Tervueren 361
B-1150 Brussels, Belgium

Tel. +32 (2) 778 12 84

SUMMARY

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

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

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

Words and expressions defined in the "Terms and Conditions of the Bonds" below or elsewhere in this Prospectus have the same meanings in this summary.

A. INTRODUCTION AND WARNINGS

A.1 Introduction This summary should be read as an introduction to this prospectus. Any decision to invest in the securities should be based on consideration of this prospectus as a whole, including any information incorporated by reference. A full version of the prospectus is available on the website of the Issuer (www.etexgroup.com or on the website of each Placing Bookrunner (www.bnpparibasfortis.be (sub "save and invest"), www.ing.be (sub "Investments – Bonds") and, www.kbc.be). Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under national legislation of the Member State, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus, including the information incorporated by reference, or it does not provide, when read together with other parts of the prospectus, key information in order to aid investors when considering to invest in such securities.

A.2 Consent The Issuer and each Guarantor consent to the use of this Prospectus in connection with a Public Offer during the offer period starting on 6 September 2012 and ending on 20 September 2012 (and regardless of early termination as specified in the section "Subscription and Sale" below) in Belgium and Luxembourg by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC).

An Investor intending to acquire or acquiring any Bonds from an Authorised Offeror will do so, and offers and sales of the Bonds to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Public Offer"). Neither the Issuer nor any Guarantor will be a party to any such arrangements with Investors (other than the Placing Bookrunners) in connection with the offer or sale of the Bonds and, accordingly, this Prospectus will not contain such information. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the relevant time. None of the Issuer, the Guarantor, any of the Joint Lead Managers or other Authorised Offerors has any responsibility or liability for such information.

B. ISSUER AND GUARANTORS

B.1 Legal and commercial name of the Issuer Etexco SA

B.2 Domicile/Legal Form/Legislation/Country of incorporation The Issuer is incorporated and domiciled in Belgium (the "**Issuer**"). The Issuer is registered with the Belgian Crossroads Bank for Enterprises (registration number: 0860.004.176 RPM Brussels).

B.4b Trends The key figures for the first semester of 2012 reflect an evolution of revenues and cash flow in the first half of the year that is significantly influenced by the acquisition of the European Lafarge gypsum division. On a like-for-like basis, there is an increase in revenues and cash flow of respectively 5.1% and 5.2%. Etex had a strong first quarter whereas some signs of slowdown in Europe appeared as from the second quarter. The net profit includes the gain on disposal of the Aliaxis shares (EUR 36,300,000). The increase in working capital and net financial debt reflect the normal business seasonality. This assessment is based on unaudited financial information, and there is no guarantee that the performance of the group will be similar in the second semester of 2012.

B.5 Group The Issuer is a direct subsidiary of Etex SA (the "**Parent**"). Etex SA is the parent company of a number of direct and indirect subsidiaries (the "**Group**"). The Group is a manufacturer of building materials, active in 44 countries through manufacturing or trading activities and employing more than 17,000 people worldwide. In 2011, the Group reported consolidated sales and EBITDA of EUR 2,300,000,000 and EUR 291,000,000 respectively.

The Group's business is subdivided into four businesses: roofing (clay, concrete, fibre-cement), building boards (fibre-cement and plaster), passive fire protection and insulation, and ceramic tiles (in Latin-America). The Group's building materials are used across all segments of the construction sector: residential, office, industry and infrastructure. Over the years, the Group has geared its product portfolio towards growth segments such as renovation (Europe) and affordable housing (Africa, Asia, Latin America), where possible directing its focus to niche solutions with higher added value.

B.9 Profit forecast/estimate Not applicable; neither the Issuer nor any guarantee have made a profit forecast or estimate.

B.10 Qualifications audit report Not applicable; there are no qualifications in any auditor report on the historical financial information included in the prospectus.

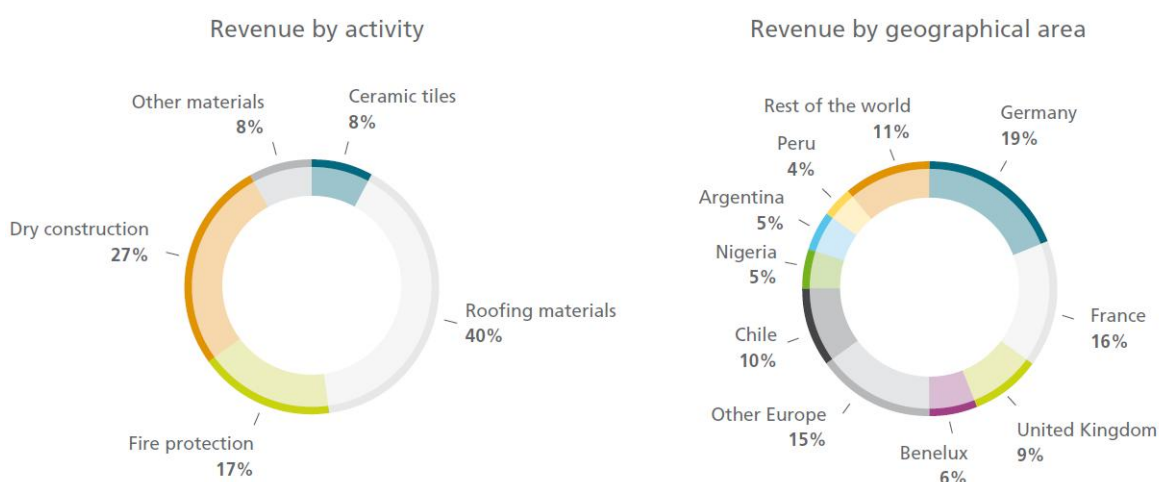
B.12 Key Financial Information/material adverse changes

in millions of EUR	2006	2007	2008	2009	2010	2011	%
Revenue	1,980	2,129	2,081	1,797	1,956	2,300	17.5
Recurring operating income (REBIT)	228	239	209	148	172	197	14.7
% of revenue	11.5%	11.2%	10.1%	8.2%	8.8%	8.6%	
Non recurring items	6	18	-11	-24	14	-21	
Operating cash flow (EBITDA)	325	345	288	246	303	291	-3.7
Operating income (EBIT)	233	257	198	124	185	176	-4.8
% of revenue	11.8%	12.1%	9.5%	6.9%	9.5%	7.7%	
Net profit (Group share)	141	162	110	38	114	80	-29.7
Capital expenditure	104	196	225	70	73	144	95.9
Net financial debt	296	404	522	393	337	1,377	308.4
Working capital	312	358	410	316	333	326	-2.3
Capital employed	1,246	1,401	1,537	1,414	1,465	2,573	75.6
Return on capital employed (ROCE)	18.7%	19.4%	13.5%	8.4%	12.9%	12.2%	*
Gearing ratio	26.4%	29.7%	40.0%	34.0%	28.2%	66.7%	

* Pro forma – excluding Gypsum business

The gearing ratio is calculated as follows: Net financial debt (EUR 1,377,000,000) / net financial debt (EUR 1,377,000,000) + total equity (EUR 687,000,000) = 66.7%

in EUR per share	2006	2007	2008	2009	2010	2011	%
Net recurring profit (Group share)	1.74	1.93	1.57	0.75	1.31	1.18	-9.9%
Net profit (Group share)	1.79	2.06	1.40	0.49	1.45	1.02	-
							29.7%
Gross dividend	0.224	0.250	0.250	0.250	0.290	0.320	
Growth rate of dividend	15.5%	11.6%	0.0%	0.0%	16.0%	10.3%	
Recurring distribution rate	12.9%	13.0%	15.9%	33.3%	22.1%	27.1%	
Personnel	13,459	14,422	14,639	13,512	13,351	17,138	



There has been no material adverse change in the prospects of the Issuer or the Group since the date of the last published financial statements.

B.13 Recent Events

Not applicable, there are no material events particular to the Issuer which are to a material extent relevant to the Issuer's solvency.

B.14 Dependence on other entities within the Group	The Issuer is a financing vehicle within the Group with none of its own operating income. Etex SA as well as the other Guarantors (with the exception of Eternit and Promat International NV) are holding companies that derive a substantial part of their operating income and cash flow from subsidiaries.
B.15 Principal activities of the Issuer	The Issuer arranges the external debt financing of the Group through various contractual arrangements.
B.16 Control	Etex SA is controlled by Jekbouw, a Dutch legal entity in the form of a Stichting Administratiekantoor. All certificates in Jekbouw are held by large number of descendents of the founder Mr. Alphonse Emsens. The Issuer is 100 per cent. directly and indirectly controlled by Etex SA.
B.17 Credit ratings	The Issuer is not rated. The Bonds are not rated and the Issuer does not intend to request a rating for the Bonds.
B. 18 Guarantee	Each Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed, subject to certain limitation set out therein, the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds.
B.19 The Guarantors	Incorporated and domiciled (i) in Belgium: the Parent, Eternit NV and Promat International NV, (ii) in England: E.M. Holdings UK Limited, (iii) in Chile: Inversiones Etex Chile Limitada (Chile), (iv) in Luxembourg: Merilux S.à.r.l., (v) in the Netherlands: Nefibouw B.V. Subject to the Conditions, the Issuer may elect to substitute up to two Guarantors (other than Etex SA). The information required pursuant to Element B.19 in respect of each Guarantor is comprised in the information given for the Group above.

C. SECURITIES

C.1 Description of the Bonds, Form of Bonds, and security identification numbers	5.00 per cent. Fixed Rate Bonds due 31 March 2017 denominated in euro. ISIN BE0002187533 Common Code 082616543. Dematerialised form under the Belgian Company Code – no physical delivery.
C.2 Settlement Currency	EUR
C.5 Transferability	Restrictions apply to offers, sales or transfers of the Bonds in various jurisdictions. In all jurisdictions offers, sales or transfers may only be effected to the extent lawful in the relevant jurisdiction. The distribution of the Prospectus or of its summary may be restricted by law in certain jurisdictions. No ownership by US persons (Regulation S, Category 2; TEFRA C applicable).

C.8 / C.9 Description of rights attached to the Bonds

<i>Status</i>	The Bonds constitute direct, senior, unconditional and unsecured and unsubordinated obligations of the Issuer which will at all times rank <i>pari passu</i> with all other present and future obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
<i>Status of the Guarantee</i>	The guarantee constitutes direct and (subject to certain limitations set out in the Conditions) unconditional obligations of each Guarantor which will at all times subject as provided above) rank at least <i>pari passu</i> with all other present and future outstanding unsecured obligations of each Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application
<i>Issue Date</i>	27 September 2012
<i>Issue Price</i>	101.00 per cent. for Retail Investors.
<i>Specified Nominal Amount</i>	EUR 1,000 per Bond
<i>Interest</i>	The Bonds bear interest from 27 September 2012 at 5.00 per cent. per annum (the " Standard Rate of Interest ") plus any applicable changes in the rate of interest as a result of (i) a Step-Up Change or Step-Down Change, (ii) a Guarantor Release Step-Up Change or a Guarantor Accession Step-Down Change or (iii) a Financial Condition Step-Up Change or a Financial Condition Step-Down Change below (the Standard Rate of Interest together with any such changes, the " Applicable Rate of Interest ")
<i>Interest Payment Date</i>	Interest will be payable annually in arrears, each year on 31 March and for the first time on 31 March 2013.
<i>Step-Up Change and Step-Down Change</i>	<p>A Step-Up Change shall occur because of a failure by the shareholders of the Parent to approve the change of control provisions in the Conditions (the redemption at the option of the Bondholders following a Change of Control) at the latest on 31 December 2012. If following a Step-Up Change, the shareholder approval requirement is satisfied, a Step-Down Change shall occur. A Step-Down Change can only occur if a Step-Up Change has already occurred.</p> <p>A Step-Up Change shall result in an increase of the Applicable Rate of Interest by 0.50 per cent. per annum with effect from an including the Interest Period commencing on the first Interest Payment Date following the date on which the Step-Up Change occurred. A Step-Down Change shall result in a decrease of the of the Applicable Rate of Interest by 0.50 per cent. per annum with effect from an including the Interest Period commencing on the first Interest Payment Date following the date on which the Step-Down Change occurred. If a Step-Up Change and Step-Down Change occur within the same Interest Period, there shall be no</p>

adjustment of the Applicable Rate of Interest. In other words, it is possible that a Step-Up Change occurs but does not result in an adjustment of the Applicable Rate of Interest, because such Step-Up Change is followed by a Step-Down Change within the same Interest Period.

Guarantor Release Step-Up or Guarantor Accession Step-Down Change

If a Guarantor is released and not replaced in accordance with the Conditions, a Guarantor Release Step-Up Change shall occur. If following a Guarantor Release Step-Up Change, the released Guarantor is replaced by a new Guarantor in accordance with the Conditions, a Guarantor Accession Step-Down Change shall occur. A Guarantor Accession Step-Down Change can only occur if a Guarantor Release Step-up Change has already occurred.

A Guarantor Release Step-Up Change shall result in an increase of the Applicable Rate of Interest by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest Payment Date following the date on which the Step-Up Change occurred. A Guarantor Accession Step-Down Change shall result in a decrease of the Applicable Rate of Interest by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest Payment Date following the date on which the Guarantor Accession Step-Down Change occurred. If a Guarantor Release Step-Up Change and Guarantor Accession Step-Down Change occur within the same interest period, there shall be no adjustment of the Applicable Rate of Interest. In other words, it is possible that a Guarantor Release Step-Up Change occurs but does not result in an adjustment of the Applicable Rate of Interest, because such Guarantor Release Step-Up Change is followed by a Guarantor Accession Step-Down Change within the same Interest Period.

Financial Condition Step-Up Change or Financial Condition Step-Down Change

A Financial Condition Step-Up Change shall occur if the Net Financial Debt to EBITDA ratio of the Group exceeds the following levels:

(A) for each Relevant Period ending during the period from the Issue Date to and including 31 December 2013, shall not exceed 3.50:1.00;

(B) for each Relevant Period ending during the period from 1 January 2014 to and including 31 December 2014, shall not exceed 3.25:1.00;

(C) for each Relevant Period ending during the period from 1 January 2015 to and including 30 June 2015, shall not exceed 3.00:1.00; and

(D) for each Relevant Period ending on and after 1 July 2015, shall not exceed 2.50:1.00.

A Relevant Period is each period of 12 months ending on 30 June and 31 December.

A Financial Condition Step-Down Change shall occur if, following a Financial Condition Step-Up Change, the Group complies with the Net Financial Debt to EBITDA Ratio. A Financial Condition Step-Down Change can only occur if a Financial Condition Step-Up Change has already occurred.

A Financial Condition Step-Up Change shall result in an increase of the Applicable Rate of Interest by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest Payment Date following the date on which the Financial Condition Step-Up Change occurred. A Financial Condition Step-Down Change shall result in a decrease of the Applicable Rate of Interest by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest Payment Date following the date on which the Financial Condition Step-Down Change occurred. If a Financial Condition Step-Up Change and Financial Condition Step-Down Change occur within the same Interest Period, there shall be no adjustment of the Applicable Rate of Interest. In other words, it is possible that a Financial Condition Step-Up Change occurs but does not result in an adjustment of the Applicable Rate of Interest, because such Financial Condition Step-Up Change is followed within the same Interest Period by a Financial Condition Step-Down Change. In addition, no Financial Condition Step-Up Change will occur and the Applicable Rate of Interest will not be adjusted if the Interest Rate has already been increased as a result of a Financial Condition Step-Up Change and has not in the meantime been decreased pursuant to a Financial Condition Step-Down Change.

<i>Yield</i>	On the basis of the Issue Price of the Bonds of 101.00 per cent. of their principal amount, the gross actuarial yield of the Bonds on the Issue Price at the Standard Rate of Interest, is 4.755 per cent. on an annual basis.
<i>Maturity Date</i>	31 March 2017
<i>Redemption Amount at Maturity Date</i>	The Bonds will be redeemed at 100 per cent. of the nominal amount.
<i>Early Redemption</i>	<ul style="list-style-type: none"> • The Bonds may be redeemed early following an Event of Default (see below) (at 100 per cent. of the nominal amount). • Bonds will also be redeemable at the option of the Issuer prior to maturity for tax reasons (at 100 per cent. of the nominal amount). • Bonds will be redeemable at the option of the Bondholders prior to maturity in the case of an Early Redemption Event at the Put Redemption Amount. If Bondholders submit Put Option Notices in respect of at least 85 per cent. of the aggregate principal amount of the outstanding Bonds, all (but not some only) of the Bonds may be redeemed at the option of the Issuer prior to maturity (at the Put Redemption Amount). An Early Redemption Event shall occur if a Change of Control occurs (combined with a Rating Downgrade resulting from the Change of Control, if at the time of the Change of Control, the Issuer or the Parent are rated, or the Bonds are rated).
<i>Put Redemption Amount</i>	The Put Redemption Amount which is applicable in the case of an Early Redemption Event will be the lesser of (i) 101 per cent. of the Specified Nominal Amount or (ii) such percentage (higher than 100 per cent.) of the Specified Nominal Amount, that would result in the gross actuarial

yield of an investor between the Issue Date and the redemption date not exceeding the interest rate plus 0.75 points.

Events of Default

Events of Default under the Bonds include (i) non-payment of principal or interest in respect of the Bonds, (ii) breach of other obligations (under or in respect of the Bonds or the Trust Deed), (iii) cross-default (in respect of the Issuer, the Guarantors or a Material Subsidiary), (iv) Security Enforced, (v) Insolvency, (vi) Winding-up, (vii) Analogous Events, (viii) failure to take action, (ix) Unlawfulness, (x) Guarantee not in force, and (xi) the Issuer or any Guarantor (other than the Parent) ceases to be a Subsidiary of the Parent

Cross Default and Negative Pledge

Applicable as set out in the Conditions.

Meeting of Bondholders

The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Trustee

BNP Paribas Trust Corporation UK Limited will be appointed as Trustee in accordance with the provisions of the Trust Deed.

Withholding tax and additional amounts

The Issuer will pay such additional amounts as may be necessary in order that the net payment received by each Bondholder in respect of the Bonds, after withholding for any taxes imposed by tax authorities in Belgium upon payments made by or on behalf of the Issuer in respect of the Bonds, will equal the amount which would have been received in the absence of any such withholding taxes, except that no such additional amounts shall be payable in respect of any Bond in the cases described in Condition 8 (*Taxation*), which cases include, amongst other things, payments to individuals who are Belgian residents for tax purposes.

Governing Law and Jurisdiction

The Bonds and the Trust Deed and any non-contractual obligations arising out of or in connection with the Bonds and the Trust Deed are governed by, and shall be construed in accordance with, English law except that Condition 1(a) (*Form, Denomination and Title*) and Condition 12(a) (*Meetings of Bondholders*) are governed by, and shall be construed in accordance with, Belgian law. The courts of England shall have non-exclusive jurisdiction for the benefit of the Bondholders.

C.11 Listing and admission to trading

Application has been made for the Bonds to be admitted to listing on the official list and trading on the regulated market of NYSE Euronext Brussels.

D. RISKS

The risk factors associated with the Issuer and the Bonds are set out in the section of the Prospectus titled "Risk Factors". Here below are the most significant risk factors. This list does not include all the potential risks and consequently, prospective investors should read carefully the complete description of the risk factors contained in the section of the Prospectus "*Risk Factors*" and reach

their views prior to making any investment decision.

D.1. RISKS SPECIFIC TO THE ISSUER AND THE GROUP

Risks related to the operations of the Group

- ***Operations and cycle.*** Demand for the Group's products is dependent on the level of activity in the construction sector. The construction sector tends to be cyclical.
- ***Seasonality and weather.*** Construction activity, and thus demand for the Group's products, decreases during periods of cold weather, snow or sustained rainfall, in particular in Europe.
- ***Climate and natural disasters.*** Natural disasters, climate hazards and earthquakes could damage the Group's property or result in interruptions to the business.
- ***Energy costs.*** The Group's operations consume significant amounts of energy (electricity and natural gas) the cost of which fluctuates significantly.
- ***Sourcing and access to raw materials – supplier risk.*** Significant disruptions in the operations of the Group's suppliers could materially impact its operations resulting in reduced sales. The Group's ability to find qualified suppliers who meet its standards and to access products in a timely and efficient manner is a critical factor.
- ***Concentration of distribution.*** Building materials are traditionally sold through building material merchants which, as has happened in most distribution sectors, have been subject to concentration trend, which lead to an increased purchasing power of the Group's clients.
- ***Competition.*** The Group operates in markets where competition is strong. The Group is currently and could in the future be subject to investigations for alleged infringement of antitrust laws. Some mostly European markets in which the Group operates are mature commodity environments where the entry of a new market player or the investment in additional capacity may lead to a reduction of price levels. The Group's products may face the risk of substitution. Disruptive technologies may appear in the future which negatively influence the Group's results.
- ***Emerging markets.*** The Group's increased presence in emerging markets exposes it to risks such as gross domestic product volatility, significant currency fluctuations, political, financial and social uncertainties and turmoil, high inflation rates, exchange control systems, less certainty concerning legal rights and enforcement and the possible nationalisation or expropriation of privately-held assets.
- ***Use of asbestos in the past – asbestos health risk – litigation risk.*** Some companies belonging to the Group used asbestos in the manufacturing of building products. The available compensation schemes, the national legislation, case law and the legal environment have an important impact on the legal risk and liability of the companies which formerly used asbestos as a raw material. The consolidated financial statements of the Group for 2010 and 2011 contain a provision of respectively EUR 81,920,000 and EUR 104,227,000. The Group's provision in 2010 did not contain a sub provision for the Turin case whereas the Group's provision in 2011 contains a sub provision of EUR 28,700,000 allocated to the Turin case (this case relates to the working conditions in the factories of Eternit

Genoa SpA a company in which the Group previously held a minority interest and is further discussed in the Prospectus). The amount provisioned reflects the provisional award granted by the Court, which is due notwithstanding the fact the Group filed an appeal. The final damage award (if confirmed), will be decided in separate civil proceedings, which will start when the criminal case is finally judged. The remaining EUR 75,527,000 provision partially covers known claims (EUR 22,767,000) and partially incurred but not yet reported claims (IBNR (incurred but not reported) EUR 52,760,000). The Group's future cash out in relation to this risk could increase if a change in case law or an increase of indemnities paid or awarded by courts to the victims occurs in one or several countries. There can be no assurance that the provisions of the Group will be adequate.

- ***Industrial risks to safety and the environment.*** The Group operates facilities that may cause significant harm to persons or the environment or where accidents may have serious consequences and is also involved in activities which entail the storage and transportation of hazardous substances.
- ***Environmental liabilities in respect of properties.*** There can be no assurance that environmental conditions relating to prior, existing or future factory sites will not harm the Group through, for example, business disruption, costs of remediation or harm to reputation. In respect of one dump site, the Group asked an independent third party to review the soil situation, submitted its findings to the regulatory authority (OVAM) and committed to a full remediation.
- ***IT systems.*** The failure of any of Group's IT systems may cause disruptions in the Group's operations.
- ***Control systems.*** In the Group's control systems there are inherent limitations and misstatements which due to error or fraud may occur and not be detected and which may harm the Group's business and financial performance and result in difficulty meeting reporting obligations.
- ***Risk related to human resources.*** The Group may not be able to attract, retain and develop key personnel. The Group may be subject to misconduct by its employees or contractors (such as theft, bribery, sabotage, violation of laws or other illegal actions). There can be no assurance that the Group's operations will not be affected by industrial relation actions in the future. Some of the Group's pension plans are underfunded as reflected in the relevant provision in the Group's accounts. If the Group is required to make increased contributions to its pension plans either because of underfunding or because of more stringent regulations and increased regulator involvement, cash available for other purposes including investments could be significantly reduced.
- ***Insurance.*** The Group's insurance may not adequately protect against certain operating hazards.
- ***Managing growth and integration of acquisitions.*** The Group may be unsuccessful in managing the growth of its business. Investments in new production sites are made on the basis of market growth assumptions. If these assumptions prove to be wrong, the new investment may lead to an overcapacity in the market, which will negatively affect profit margins. There can be no assurance that the Group will be able to successfully execute its acquisition strategy and failure to do so may have a material adverse effect on its business, financial

condition and operations. The Group is currently managing the integration of the European and Latin America plasterboard assets which it purchased from Lafarge Group in November 2011 for an amount of EUR 905,000,000. While the Group expects this acquisition to create value, there can be no assurance that all expected synergies will be realised and that the operational integration of these assets will be successful.

Risks related to the regulatory framework and risks related to litigation

- ***Environmental, health and safety regulations.*** The Group is subject to various environmental regulations, as well as future changes in such regulations, which could expose it to potentially significant compliance costs and litigation relating to environmental issues. The Group's business could be adversely affected if it fails to obtain, maintain or renew necessary licenses and permits. Climate change legislation could have an adverse impact on the Group's business. Emission allowances will no longer be granted for free. The Group will have to purchase these allowances on the market, the price will depend on market circumstances and are therefore to a certain extent unpredictable.
- ***Legal proceedings and claims.*** The Group is involved in various proceedings from time to time related to the conduct of its business. These include claims related to tax, competition and the manufacture and sale of products. Product liability risks may potentially lead to high damage claims.
- ***Taxation.*** Unexpected outcomes with respect to jurisdictional audits of income tax filings could result in an adverse effect on our financial performance. The Group is exposed to the risk of changes in tax legislation and the interpretation of such legislation in the jurisdiction in which it operates.
- ***Reputational risk.*** Litigation, adverse publicity in the press and actions by governmental and non-governmental organisations may adversely affect the image and reputation of the Group.

Financial risks

- ***Financial debt.*** The Group has financial debt outstanding that could adversely affect its business. The Group's access to global sources of financing to cover its financing needs or repayment of its debt could be impaired by the deterioration of financial markets. The Group may borrow additional funds to support its capital expenditures and working capital needs and to finance future acquisitions. The Group's ability to pay principal and interest on the Bonds and on its other debt depends on its future operating performance. Future operating performance is subject to market conditions and business factors that often are beyond its control.
- ***Funding risk.*** The Group may be unable to access the funds that it needs when it comes to refinance its debt.
- ***Economic and financial risks.*** The Group is exposed to the risk of a worsening of the global economy. Also, turbulence in global capital and credit markets could adversely affect the Group's ability to draw on its bank credit facilities or to enter into new bank credit facilities.
- ***Market risk.*** Changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Group's income or expenses or the value of

its holdings of financial instruments.

- **Currency exchange risk.** The Group is exposed to currency risk on sales, purchases and borrowings, as a result of its subsidiaries' purchases and sales transaction in currencies other than their operating currencies. Exchange rate sensitivity may have an adverse impact on the Group's results to the extent adequate hedging arrangements are not in place.
- **Interest rate risk.** The Group's primary source of funding is floating rate bank debt. Therefore it is exposed to the risk of changes, beneficial or adverse, in market interest rates.
- **Credit risk.** Credit risk is the risk of financial loss to the Group if a customer or finance counterparty to a deposit, lending or derivative instrument fails to meet its contractual obligations.
- **Commodity risk and sensitivity.** The Group is subject to commodity risk with respect to price fluctuations mainly in the cement, electricity, natural gas, petrol and diesel.

Risks related to the Issuer and the Guarantors

- ***The Issuer is a financing vehicle within the Group and Etex SA and certain other Guarantors are holding companies.*** The Issuer is a financing vehicle within the Group with none of its own operating income. Etex SA as well as the other Guarantors (with the exception of Eternit NV and Promat International NV) are holding companies that derive a substantial part of their operating income and cash flow from subsidiaries.
- ***Minority shareholders.*** Some companies within the Group have minority shareholders. Some agreements with minority shareholders contain limitations on their ability to make dividend distributions. In other companies, the Group only has a minority stake and as a consequence only a limited influence on the management of the company or the distribution of dividends.
- ***Disclosure obligations.*** The Issuer is not subject to regulations and transparency obligations applicable to companies with listed shares.

D.2. RISKS SPECIFIC TO THE BONDS

- ***The Bonds may not be a suitable investment for all investors.*** Each potential investor in the Bonds must determine the suitability of the investment in light of its own circumstances, based on its own independent review and such professional advice as it deems appropriate under the circumstances.
- ***There is no active trading market for the Bonds.*** There is no assurance as to the development or the liquidity of any trading market for the Bonds. Illiquidity may have a severely adverse effect on the market value of Bonds.
- ***The Bonds may be redeemed prior to maturity.*** In the event that the Issuer or any Guarantor would be obliged to increase the amounts payable in respect of any Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Belgium, The Netherlands,

Luxembourg, the United Kingdom, Chile or any other jurisdiction from time to time in which the Issuer or a Guarantor becomes subject to tax or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Bonds in accordance with the Conditions. Each Bondholder will have the right to require the Issuer to repurchase all or any part of such holder's Bonds at the Put Redemption Amount upon the occurrence of an Early Redemption Event, (following a Change of Control). In the event that the Change of Control put option is exercised by holders of at least 85 per cent. of the aggregate principal amount of the Bonds, the Issuer may, at its option, redeem all (but not less than all) of the Bonds then outstanding pursuant. Bonds in respect of which the Change of Control put option is not exercised may be illiquid and difficult to trade. Potential investors should be aware that the Change of Control put option can only be exercised upon the occurrence of an Early Redemption Event as defined in the Conditions, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer.

- ***Change of Control Put – shareholders' approval.*** The Change of Control Put has to be approved by the shareholders of the Issuer and each of the Guarantors established in Belgium in order to be effective. As at the date of this prospectus, no approval has been obtained from the shareholders of Etex SA. If a change of control occurs prior to such approval and filing of the approval with the competent Commercial Court, the exercise of the put option by the Bondholders may not be effective against the relevant Guarantor.
- ***Reliance on the procedures of the NBB System, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer.*** Neither the Issuer, nor any of the Guarantors, the Managers or any Agent will have any responsibility for the proper performance by the NBB System or the NBB System participants of their obligations under their respective rules and operating procedures.
- ***No segregation of amounts received by the Agent.*** No Agent is required to segregate any such amounts received by it in respect of the Bonds, and in the event that such Agent were subject to insolvency proceedings at any time when it held any such amounts, Bondholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from such Agent in accordance with applicable Belgian insolvency laws.
- ***Duties of the Agent.*** The Agent assumes no fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further the interests of the Bondholders.
- ***Changes to the Conditions without consent of the Bondholders.*** The Conditions of the Bonds may be modified or waived in certain circumstances without the consent of the Bondholders.
- ***Certain Guarantors may cease to be Guarantors.*** Subject to certain conditions, the Issuer may elect that up to two Guarantors (excluding Etex SA) cease to be Guarantors. Upon any Guarantor being released, the interest rate in respect of the Bonds shall be increased in accordance with the Conditions, unless the Issuer shall procure that one or more new Guarantors is appointed in accordance with the Conditions. There is no assurance that the Guarantors will be able to fulfil their obligations under the Bonds.

- **Guarantee limitations.** The liability of the Dutch Guarantor, Belgian Guarantors (other than Etex SA) and Luxembourg Guarantor is limited in accordance with the Conditions. The liability of additional new Guarantors may also be limited in accordance with guarantee limitations customary in the relevant jurisdiction of such Guarantor.
- **Market value of the Bonds.** The market value of the Bonds will be affected by the creditworthiness of the Issuer and each Guarantor and a number of additional factors, such as economic, financial and political events, including factors affecting the capital markets generally and stock exchanges on which the Bonds are traded. Investments in Bonds which bear interest at a fixed rate may adversely affect the value of the Bonds.
- **Trustee Structure.** No Bondholder may proceed directly against the Issuer or any Guarantor to enforce the terms of the Trust Deed unless the Trustee, having become bound so to proceed, fails to do so and such failure is continuing.
- **Global credit markets.** The turmoil in the global credit markets led to a general lack of liquidity in the secondary markets for instruments similar to the Bonds.
- **Transactions with parties involved in the transaction.** The Issuer, Guarantors, Agent, Calculation Agent, Trustee and the Managers may engage in transactions adversely affecting the interests of Bondholders. The Issuer is involved in a general business relationship or/and in specific transactions with each of the Managers or certain affiliates of the Managers and that they might have conflicts of interests which could have an adverse effect to the interests of the Bondholders. Each of the Managers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. Within the framework of a normal business relationship with its banks, the Issuer entered into a facilities agreement with each of the Managers or certain affiliates of the Managers. The Facilities Agreement may include different or additional terms or covenants in favour of the lenders under the Facilities Agreement compared to the terms of the Bonds.
- **Credit rating.** The Issuer and the Bonds do not have a credit rating, and the Issuer currently does not intend to request a credit rating for itself or for the Bonds, rendering the price setting of the Bonds more difficult.
- **Foreign exchange and exchange controls.** It is possible that the Bonds are exposed to foreign exchange risks and exchange controls.
- **Eurozone crisis.** Potential investors should be aware of the crisis affecting the eurozone, the turbulence in the global credit markets and the general economic outlook.
- **Taxes.** Payments with respect to the Bonds may be subject to Belgian withholding tax. Potential purchasers and sellers of the Bonds may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the countries where the Bonds are transferred or other jurisdictions. Certain payments with respect to the Bonds may be affected by the EU Savings Directive.
- **Changes in governing law could modify certain conditions.** No assurance can be given as to the impact of any possible judicial decision or change to English or Belgian Law or, the application or interpretation of English or Belgian law or

administrative practice after the date of this Prospectus.

- **Risk of withdrawal and cancellation of the Public Offer.** The Public Offer of the Bonds may be wholly or partially withdrawn or cancelled in accordance with the provisions of the Subscription Agreement.

E. OFFER

E.2b Use of proceeds The net proceeds will be applied by the Issuer towards the repayment (in part) of the EUR 450,000,000 Facility C commitment under the syndicated credit facility dated 5 August 2011, as amended on 7 October 2011 and 24 October 2011 with Banco Santander, S.A., Crédit Agricole Corporate and Investment Bank, Fortis Bank NV/SA, ING Belgium NV/SA, KBC Bank NV and Lloyds TSB Bank plc as mandated lead arrangers and bookrunners and, Fortis Bank NV/SA as agent. Any remaining amount will be used for the financing of future general corporate purposes.

E.3 Terms and Conditions of the Offer

Offer Period From 6 September 2012 to 20 September 2012 included (subject to early closing)

Placing Bookrunners BNP Paribas Fortis (including BGL BNP Paribas), ING Belgium and KBC Bank (including CBC SA). Interested persons may also subscribe for Bonds through agents or any financial intermediaries in Belgium and Luxembourg

Paying Agent; Domiciliary Agent and Listing Agent ING Belgium NV/SA

Public Offer Jurisdictions Belgium and Luxembourg.

Conditions to which the Public Offer is subject The Public Offer, and the issue of the Bonds, is subject to a limited number of conditions set out in the Subscription Agreement. These are customary for this type of transaction, and include, amongst others: (i) the correctness of the representations and warranties made by the Issuer and each Guarantor in the Subscription Agreement, (ii) the Subscription Agreement, the Trust Deed, the Clearing Agreement and the Agency Agreement having been executed by all parties thereto prior to the Issue Date, (iii) the admission to trading of the Bonds on the regulated market of the NYSE Euronext Brussels having been granted on or prior to the Issue Date, (iv) there having been, as at the Issue Date, no material adverse change (as described in the Subscription Agreement) affecting the Issuer, any Guarantor or any of their respective Subsidiaries (v) the Issuer and the Guarantors having performed all the obligations to be performed by it under the Subscription Agreement on or before the Issue Date (v) no financial markets change (as described the Subscription Agreement) having occurred, (vi) no force majeure having been invoked by the

Managers as determined on their discretion and (vi) at the latest on the Issue Date, the Managers having received customary confirmations as to certain legal and financial matters pertaining to the Issuer. These conditions can be waived (in whole or in part) by the Managers.

Allocation

The Prospectus sets out an allocation of Bonds between the respective Managers. In case a Placing Bookrunner has received subscriptions in excess of the amount for which it is entitled to procure subscriptions, a subscriber that has subscribed through such Bookrunner may be allocated Bonds for an amount less than the amount for which it subscribed, depending on the criteria applied for such reduction applied by such Placing Bookrunner, relating, amongst others, to the total amount for which such Placing Bookrunner has received subscriptions. Subscribers may have different reduction percentages applied in respect of the amount of Bonds subscribed by them depending on the Placing Bookrunner through which they have subscribed.

Authorised Offerors

The terms and conditions of any Authorised Offer (other than the public offer by the Placing Bookrunners set out in this Prospectus) shall be published by the relevant Authorised Offeror on its website at the relevant time.

E.4 Interests material to the issue

The Issuer is involved in a general business relationship or/and in specific transactions with each of the Managers or certain affiliates of the Managers and that they might have conflicts of interests which could have an adverse effect to the interests of the Bondholders. Potential investors should also be aware that each of the Managers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. Within the framework of a normal business relationship with its banks, the Issuer entered into a facilities agreement with each of the Managers or certain affiliates of the Managers. The Facilities Agreement may include different or additional terms or covenants in favour of the lenders under the Facilities Agreement compared to the terms of the Bonds. When acting in the capacity of lenders, the Managers have no duty to take into account the interests of the Bondholders.

E.7 Expenses

Retail Investors subscribing through a Placing Bookrunner will bear a selling and distribution commission of 1.00 per cent. Qualified Investors will bear a distribution commission that will range between 0 per cent. and 1.00 per cent. The remaining part of the selling and distribution commission in an amount of 0.875 per cent. for Bonds placed with Retail Investors and in amount of up to 0.875 per cent. for Bonds placed with Qualified Investors will be borne by the Issuer. Any expenses chargeable by an Authorised Offeror (other than a Placing Bookrunner) to an Investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer.

INFORMATION INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with (i) the audited consolidated financial statements of Etex SA for the financial years ended 31 December 2010 and 2011 and (ii) the audited non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2010 and 2011 and, together in each case with the audit report thereon, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the FSMA. Such documents shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered offices of the Issuer and the website of the Issuer (www.etex.com).

The table below sets out the relevant page references for (i) the audited consolidated financial statements of Etex SA for the financial years ended 31 December 2010 and 2011 and (ii) the audited non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2010 and 2011 as set out in Annual Report of Etex SA and the annual accounts of the Issuer.

Etex SA and the Issuer confirms that it has obtained the consent from its auditors to incorporate by reference in this Prospectus the statutory auditor's reports for the financial years ended 31 December 2010 and 31 December 2011.

Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purpose only.

- (A) the statutory auditors report and the audited consolidated financial statements of Etex SA for the financial year ended 31 December 2011 including the information set out at the following pages in particular:

Consolidated income statement	Page 49
Consolidated statement of comprehensive income	Page 49
Consolidated statement of financial position	Page 50
Consolidated statement of cash flows	Page 51
Consolidated statement of changes in equity	Page 52
Accounting policies	Pages 53-69
Explanatory notes	Pages 70-111
Report of the statutory auditor	Page 117

- (B) the statutory auditors report and the audited consolidated financial statements of Etex SA for the financial year ended 31 December 2010 including the information set out at the following pages in particular:

Consolidated income statement	Page 48
Consolidated statement of comprehensive income	Page 48
Consolidated statement of financial position	Page 49
Consolidated statement of cash flows	Pages 50
Consolidated statement of changes in equity	Page 51
Accounting policies	Pages 52 - 65
Explanatory notes	Pages 66 - 105
Report of the statutory auditor	Page 106 - 107

- (C) the statutory auditors report and non-consolidated financial statements of the Issuer for the financial year ended 31 December 2011 including the information set out at the following pages in particular:

Balance Sheet	Page 4 - 5
Income Statement	Page 6 - 7
Accounting Principles	Page 28
Report of the statutory auditor	Pages 31 to 33

- (D) the statutory auditors report and non-consolidated financial statements of the Issuer for the financial year ended 31 December 2010 including the information set out at the following pages in particular:

Balance Sheet	Page 4 - 5
Income Statement	Page 6 - 7
Accounting Principles	Pages 28
Report of the statutory auditor	Pages 31 to 33

Any information not listed under the tables under (A) to (D) but contained in such document is incorporated by reference for information purposes only.

- (E) The articles of association of the Issuer.

RISK FACTORS

The Issuer and each of the Original Guarantors believe that the following factors may affect its ability to fulfil its obligations under the Bonds. Most of these factors are contingencies which may or may not occur and none of the Issuer or any of the Original Guarantors is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are described below.

The Issuer and each of the Original Guarantors believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer or any of the Original Guarantors to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer and the Original Guarantors based on information currently available to them or which they may not currently be able to anticipate.

Prospective investors should read the entire Prospectus and reach their own views prior to making an investment decision. Words and expressions defined in the "Terms and Conditions of the Bonds" below or elsewhere in this Prospectus have the same meanings in this section. Prospective investors should consider, among other things, the following:

Risks Relating To the Group's Business

Risks related to the operations of the Group

Complexity and diversity in the business portfolio

The current business portfolio of the Group consists of diverse activities in different business segments. While such diversity spreads the risk inherent in specific activities, there is a risk that it may reduce focus as it requires a broad set of competences and processes, thereby making the organisation less agile in reacting to changing market conditions and in identifying and managing specific risks.

Operations and cycle

The Group's products are used in new and renovated buildings, therefore demand for the Group's products in the different markets in which the Group operates is dependent on the level of activity in the construction sector. The construction sector tends to be cyclical and depends on various factors such as the level of residential and commercial construction activity, the availability of financing and mortgages, interest rates, and generally, the level of economic activity in a given market. The cyclicity of the construction sector together with its dependence on economic activity could have a negative impact on the Group's financial results and the profitability of its operations. The Group manages this risk by operating in geographically diverse markets, with a portfolio of operations both in developed and in emerging countries in new construction and renovation, thereby minimising the Group's exposure to risk in a given country. Nevertheless, the Group might be significantly affected by global downturns or in individual markets.

Seasonality and weather

Construction activity, and thus demand for the Group's products, decreases during periods of cold weather, snow or sustained rainfall, in particular in Europe. Consequently, demand for the Group's products is lower during the winter in Europe making the Group's operations in Europe seasonal.

Climate and natural disasters

The Group's presence in 44 countries on every continent increases its exposure to meteorological and geological risks, such as natural disasters, climate hazards and earthquakes which could damage the Group's property or result in interruptions to the business, and which could have a material adverse effect on the Group's operations. Such events could adversely affect the Group's operations and financial performance, for instance, as a result of the closure of one or more production sites (as occurred recently with its Chilean operations as a result of a major earthquake), which would necessitate the need to make substitution imports from other locations at higher cost.

Energy costs

The Group's operations consume significant amounts of energy (electricity and natural gas) the cost of which fluctuates significantly around the world. The price of energy has varied significantly in the past several years, and may be volatile in the future, largely as a result of market conditions and other factors beyond the Group's control.

Energy markets may be regulated in some of the countries where the Group operates and the evolution of prices could have an adverse impact on the result of the operations of the Group companies.

To mitigate this risk, some Group affiliates enter into medium-term supply contracts, fixing prices generally for a period of one year. However if following the conclusion of a fixed-price contract, energy prices drop, this may have a negative impact on the Group's financial performance. In addition, the Group has implemented a number of initiatives to build co-generation units, some of which use bio-fuels. These units reduce energy consumption and thus dependence on fossil fuels.

While these measures are useful, they may not fully protect the Group from exposure to energy price volatility. As a result, in spite of these measures, material increases or changes in energy and fuel costs have affected, and may continue to affect, the Group's financial results.

Sourcing and access to raw materials – supplier risk

The main raw materials used in the Group's production processes in terms of volume are cement, sand, clay, PVA fibres (polyvinyl alcohol fibres), cellulose and gypsum. Cement is in broad supply across a sufficient number of producers in the geographies in which the Group is present. Sand, clay and gypsum are minerals which are sourced in various quarries which are either owned or leased by the Group. Modification of local regulations such as environmental laws, planning permissions, the failure to renew permits, the expiry of leases or other access rights, may cause expected reserves of such minerals to be reduced, thus forcing the Group to look for alternatives, which as a result of a higher cost, may result in a deterioration of the Group's financial performance. In addition, the Group uses certain specialty minerals such as vermiculite, fumed silica and

wollastonite which may become in short supply and which may force the Group to look for alternative materials at a potentially higher cost.

Significant disruptions in the operations of the Group's suppliers could materially impact its operations resulting in reduced sales. The raw materials the Group uses are sourced from a wide variety of suppliers. The Group's ability to find qualified suppliers who meet its standards and to access products in a timely and efficient manner is a critical factor. Political and economic instability in the countries in which suppliers are located, the financial instability of suppliers, suppliers' failure to meet the Group's standards, labour problems experienced by suppliers, the impact of adverse weather conditions, product quality issues, currency exchange rates, transport availability and cost, inflation, deflation, and other factors relating to the suppliers and the countries in which they are located are beyond the Group's control. In addition, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of raw materials and other factors relating to foreign trade are beyond the Group's control. These factors and other factors affecting the Group's suppliers and access to products may result in decreased product selection and increased out-of-stock conditions, as well as higher product costs, which could adversely affect the Group's operations and financial performance.

Concentration of distribution

Building materials are traditionally sold through building material merchants which, as has happened in most distribution sectors, have been subject to concentration on a national or even sub-continent level. This concentration trend has had an impact on the purchasing power of the Group's clients. Even though the Group continues to sell directly to building material merchants and installers, rather than selling directly to end-consumers and architects, the Group focuses its marketing strategy on the end-consumer, architects and installers, generating a demand for specific materials from a particular supplier. The role of the building merchant is then reduced to the handling of part of the logistics process. Even though this strategy has been successful in the past, we cannot be sure that the increased purchasing power of our clients will not affect our profit margins in the future.

Competition – competition law investigations

The Group operates in markets where competition is strong. Competition, whether from established market participants or new entrants could cause the Group to lose market share, increase expenditure or reduce pricing, any one of which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects. The factors affecting the Group's competitive environment include barriers to entering the Group's markets (including investment costs and local regulations), price adjustments to the cost variation, the financial strength of competitors and proximity to natural resources. Competitors of the Group include in Fibre Cement: Cembrit, in Fire Protection: Porextherm, Skamol and Xella, in Plaster: Knauf and Saint-Gobain and in Roofing (all kind of roofing products): Monier and Wienerberger. In South America competitors of the Group include in Fibre cement: Volcan and Grupo Elementia, in Plaster: Knauf, US Gypsum and Saint-Gobain and in Ceramic tiles: Grupo Corona, Ceramica Alberdi and Ceramicas Lima.

There can be no assurance that the Group can continue to effectively compete with its competitors in the future, and failure to compete effectively may have an adverse effect on its business, financial condition and results of operations.

Given the worldwide presence of the Group and the fact that it sometimes operates in markets where the concentration of market participants is high, the Group is currently, and could in the future be, subject to investigations and civil or criminal proceedings by competition authorities for alleged infringement of antitrust laws. These investigations and proceedings can result in fines, or civil or criminal liability, which may have a material adverse effect on the Group's reputation, financial condition and results of operations of some of the Group's Divisions, particularly given the level of fines imposed by European authorities in recent cases in the construction industry. In this respect, reference is made to the Kartellamt case further discussed under section 9.6 of "*Description of the Issuer and the Group*" on page 116.

The Group is committed to preserving vigorous, healthy and fair competition as well as complying with the relevant antitrust laws in countries where it operates. In line with this objective, the Group has a competition policy and a competition compliance programme. This programme provides for training of the responsible managers in the Group and aims to make them clearly aware of their responsibilities. The competition compliance programme was developed with a specialised external law firm. Nonetheless, these procedures cannot provide absolute assurance against the risks relating to these issues.

In this respect, the German clay tiles subsidiaries of the Group, Creaton AG and Pfeleiderer GmbH, received in December 2008 a notification from the German Bundeskartellamt imposing fines totalling EUR 94,000,000 in relation to an alleged price fixing arrangement in 2006. The procedure was part of a sector wide investigation against various clay tile manufacturers in Germany. The Group has filed an appeal against this decision. The amount provided for in the consolidated accounts of the Group to cover this risk amounts to EUR 20,000,000. Please refer to section 9.6 of "*Description of the Issuer and the Group*" on page 116 for more information in this respect.

New entrants in markets or additional capacity investments

Some mostly European markets in which the Group operates are mature commodity environments where the entry of a new market player or the investment in additional capacity may lead to a reduction of price levels. The Group addresses this risk by constantly endeavouring to be the lowest cost producer able to resist downward trends in pricing. Production equipment and supply chain processes are screened on a regular basis for improvement potential. Nevertheless, the Group may not always be able to adequately improve these elements to the required efficiency levels.

The Group's products may face the risk of substitution, which would negatively affect the Group's financial performance

The Group's products may be subject to substitution by other products. Substitution can be technology-induced when technological improvements render alternative products more attractive than the Group's products. Any such substitution would negatively affect the Group's financial performance and results of operations.

Risk of disruptive technology

The Group manufactures its products on the basis of know-how which has either been developed in-house or purchased from third-party suppliers. Disruptive technologies may appear which make either the material produced inadequate for market demand or the production technology outdated. The building industry is very much driven by tradition and product cycles tend to be long. Buildings are meant to last for decades meaning that building materials have to be of proven quality and fashion trends are of lesser importance. The possibility that disruptive technologies may appear in the near future which negatively influence the Group's results cannot be excluded. The Group invests in research and development in order to mitigate this risk, but there can be no assurance that such investments will be successful.

Product and technology portfolios

The competitive position and operating results of the Group could be harmed in the long term if it is unsuccessful in developing new products and technologies to complete its offering and to adapt to changing market demands, resulting in a commoditisation of its product portfolio. While the Group invests considerably in improvement of quality and cost efficient manufacturing processes, competition from low cost production countries negatively impacts profitability.

Failure to protect the Group's intellectual property

Over the years, the Group has developed proprietary know-how in key areas of its business such as fibre cement and Calcium Silicate (CaSi) technology. The Group mainly relies on proprietary know-how, rather than on patents in this field. The Group continues to invest in the further development of key competence areas such as coatings for cement substrates (UV catalysed paints), CaSi matrices and related technologies.

The Group's intellectual property department evaluates the potential protection of specific technologies and determines whether such protection is desired and, as the case may be, in which countries.

The Group has developed and maintains a portfolio of registered patents and trademarks in a number of jurisdictions. In addition to these registrations, the Group maintains its trade secrets and proprietary information through non-competition undertakings with its employees and contractors and through confidentiality agreements with its contractors, developers and customers.

Failure to protect this intellectual property could negatively affect the Group's future performance and growth.

Geographical scope of activity

The Group conducts its business to a significant extent on an international level. This gives rise to a variety of different risks for the Group (some of which are discussed in further detail below), such as currency fluctuations, currency controls and the political and economic conditions and regulatory regimes in the countries where entities of the Group operate or will operate (various countries in Latin America and Africa (for example, Nigeria and South Africa), as well as China and Indonesia).

Emerging markets

36.1 per cent. of the Group's revenues are derived from emerging markets, defined as countries outside Western Europe and North America other than Japan, Australia and New Zealand. The Group's growth strategy focuses on development opportunities in emerging markets, and the Group expects that an increasing portion of its total revenues and earnings will continue to flow from these markets.

The Group's increased presence in emerging markets exposes it to risks such as gross domestic product volatility, significant currency fluctuations, political, financial and social uncertainties and turmoil, high inflation rates, exchange control systems, less certainty concerning legal rights and enforcement and the possible nationalisation or expropriation of privately-held assets, any of which could damage or disrupt the Group's operations in a given market. In this respect, reference is also made to the considerations set out in the following risk factor with respect to potentially politically or economically unstable countries. The Group attempts to mitigate these risks by spreading emerging markets operations among a large number of countries. The Group is currently active in several countries on several continents, including countries in Latin America and Africa (for example, Nigeria and South Africa) as well as in China and Indonesia.

The Group's operations are located in jurisdictions (including emerging markets) that have varying political, economic, security and other risks

Through its production sites and commercial offices, the Group operates in a challenging and constantly changing international environment in 44 countries. Certain of the Group's current activities and related assets are, and many of the assets it may acquire in the future will be, located in countries which may be, or become, politically or economically unstable. Activities in such countries may require protracted negotiations with host governments, international organisations and other third parties, including nongovernmental organisations and indigenous or other communities and are frequently subject to unpredictable economic and political considerations, such as taxation, nationalisation, inflation, currency fluctuations and governmental regulation and approval requirements, which could adversely affect the economics of projects. These projects and investments could be adversely affected by war, civil disturbances, activities of governments which limit or disrupt markets, restrict the movement of funds or supplies or result in the restriction or rescission of contractual rights or the taking of property without fair compensation and private or public corruption. The security risks in certain of the countries in which the Group operates can often be high. These risks include, amongst others, the destruction of property, injury to personnel and the cessation or curtailment of operations, any of which could have an adverse effect on the Group's operations.

The Group performs a risk assessment on a country-by-country basis when considering its investment activities, and attempts to conduct its business and financial affairs so as to minimise to the extent reasonably practicable the political, legal, regulatory and economic risks applicable to operations in the countries where the Group operates. However, there can be no assurance that the Group will be successful in protecting itself against any of these risks. These projects and investments could also be adversely affected by changes in laws and regulations relating to foreign trade, investment and taxation.

Furthermore, the regulations to which the Group is subject differ from one jurisdiction to the other, as may the implementation or interpretation of seemingly similar regulations. Moreover, these regulations are often highly complex and are subject to changes in both substance and interpretation. In particular, areas such as taxes (and especially VAT), export and import duties and quotas and environmental compliance are characterised by a high degree of complexity. Changes in investment policies or shifts in the prevailing political climate in any of the countries in which the Group operates, buys from or sells to could result in the introduction of increased government regulations with respect to, among other things: price controls, export, import and throughput controls, duties, tariffs and quotas, income, withholding, VAT and other taxes, electricity and energy supply, environmental legislation, foreign ownership restrictions, foreign exchange and currency controls, financial, commercial or disclosure rules, labour and welfare benefit policies; and land and water use.

While it is the Group's corporate policy to comply with all applicable laws and regulations in each jurisdiction in which the Group operates, breaches of, or deviations from, such laws and regulations may occur. In such a case, the Group could be subject to liability or censure, including the imposition of fines or penalties, which could have a material adverse effect on the Group's business, results of operations or financial condition.

In addition to the risks arising from varying regulatory regimes, risks inherent in international operations, in particular in emerging markets where the Group operates, include, amongst others, the following:

- agreements may be difficult to enforce and receivables difficult to collect through a foreign country's legal system;
- import and export licenses may be difficult to obtain and maintain;
- disputes may arise over ownership of land and other property and permits;
- intellectual property rights may be more difficult to enforce in foreign countries;
- security issues or political instability could affect operations;
- interpretation and enforcement of existing laws may force delay or cancellation of business plans;
- governments may be prone to intervene in the economy, including via the direct participation of government or state-owned enterprises in the industries in which the Group operates; and
- general economic conditions, including hyper-inflation and extreme foreign exchange and interest rate fluctuations in the countries in which the Group operates could have an adverse effect on the earnings from operations in those countries.

As a result of the foregoing, the Group's ability to run its business as it sees fit may be impaired and such changes could have a material adverse effect on the Group's business, results of operations or financial condition.

Use of asbestos in the past – Asbestos health risk – Litigation risk

Some companies belonging to Etex used asbestos in the manufacturing of building products. In the late '70s, the Group engaged in a program to replace asbestos fibres with other fibres. The initial launches of asbestos-free materials were not successful as the material produced proved to be of insufficient quality. From 1992 until 1996, the Group converted all European operations to non-asbestos technology. In other regions, this transition was finished in 2002. In 2011, the total turnover of companies which used asbestos represents 33 per cent. of the total Group turnover.

The inhalation of asbestos fibre can lead to certain diseases such as mesothelioma (cancer of the lung pleura), asbestosis and lung cancer. These diseases either seriously affect health or are life threatening and typically have a long latency period, so that, even if all Group companies have completely banned the use of asbestos from their production process for at least ten years, they still might be confronted with asbestos-related claims in the coming years. The related financial risk for the relevant Group companies depends on the national legislation and legal system.

The way asbestos victims are compensated depends on the local legislation and social security system. In Germany, asbestos victims are compensated by the social security. Other countries, such as Belgium and France, have set up a special asbestos fund. In the Netherlands, victims receive compensation from their former employer or the company which was at the origin of the asbestos exposure on the basis of an industry wide, State-approved scheme. In other countries, like England, former employees receive compensation through compulsory private insurance schemes of their employers. Finally, some countries, such as Ireland and Italy, do not have particular compensation schemes in place. In these countries, the former employer may pay compensation to the victims on a voluntary basis, failing which the victim may file a claim in court. It should be noted that in countries where a compensation scheme is in place, the Group may still be subject to legal claims outside of compensation scheme, and has in the past been subject to legal claims outside of the compensation scheme (France and Belgium). Over the past years, Etex has paid compensation to individual victims of asbestos related diseases (in the context of legal proceedings, as well as in the context out of court proceedings and arrangements). In 2009, 2010 and 2011, amounts of respectively EUR 3,789,000, EUR 3,313,000 and EUR 3,090,000 have been paid.

The available compensation schemes, the national legislation, case law and legal environment have an important impact on the legal risk and liability of the companies which formerly used asbestos as a raw material.

The consolidated financial statements of the Group for 2010 and 2011 contain a provision of respectively EUR 81,920,000 and EUR 104,227,000. The Group's provision in 2010 did not contain a sub provision for the Turin case whereas the Group's provision in 2011 contains a sub provision of EUR 28,700,000 allocated to the Turin case which is discussed under section 9.6. The amount provisioned reflects the provisional award granted by the Court, which is due notwithstanding the fact the Group filed an appeal. The final damage award (if confirmed), will be decided in separate civil proceedings, which will start when the criminal case is finally judged. The remaining EUR 75,527,000 provision partially covers known claims (EUR 22,767,000) and partially incurred but not yet reported claims (IBNR (incurred but not yet reported)– EUR 52,760,000).

The provision for IBNR asbestos-related claims is based on a model which predicts the expected asbestos-related diseases of former employees. The model takes into account the number of employees exposed to asbestos, the life expectancy, the type of exposure, the expected number of asbestos related diseases and the average compensation paid. The model takes into account country differences, such as the differences in life expectancy or compensation. The data are revised on an annual basis.

The Group provision is based on the potential diseases of employees and former employees which represent by far the largest part of the victims of asbestos-related diseases caused by former activities of Etex companies (other victim categories are people who co-habited with workers (spouses, children) and people living in the vicinity of the factories). For asbestosis and lung cancer the share of employees and former employees is estimated to be close to 100 per cent., whereas for mesothelioma it is estimated at around 80 per cent. The impact of claims of persons developing asbestos-related diseases, but who were not previously employed by a Group company, should as a consequence not materially alter the Group provision.

The Group's future cash out in relation to this risk could increase if a change in case law or an increase of indemnities paid or awarded by courts to the victims occurs in one or several countries. There can be no assurance that the provisions of the Group will be adequate.

In this respect, reference is also made to section 9.6 of "*Description of the Issuer and the Group*" on page 116 of this Prospectus, in particular to the discussion of the Turin case.

Industrial risks relating to safety and the environment

The Group operates facilities that may cause significant harm to persons or the environment or where accidents may have serious consequences. Through the implementation of various management initiatives, the Group has been on a continuous improvement track to mitigate this risk with the ultimate aim to reach a zero accident target (workers accidents). This requires that the safety and welfare of individuals (both the Group's staff and third parties) are a key priority and a daily preoccupation for the entire Group management. However, the Group cannot guarantee that these measures will prove effective in all circumstances and that a failure to ensure the safety of staff and third parties will not result in a material adverse impact on its business, operations and financial condition.

The Group is involved in activities which entail the storage and transportation of hazardous substances. While extensive precautions are taken to avoid any incidents with such hazardous substances, a risk of damage to persons or the environment and any material adverse impact on its business, operations and financial condition as a result of these activities cannot be excluded.

Environment liabilities in respect of properties

The Group is subject to laws, regulations and ordinances that govern activities and operations that may have adverse environmental effects and impose liabilities for the costs of cleaning. Certain damages could be due as a result of past spills, disposals or other releases of hazardous materials. Under applicable environmental laws, members of the Group may be responsible for the remediation of environmental conditions and

may be subject to associated liabilities relating to their factory sites, as well as the land on which they are situated, regardless of whether they lease, sublease or own these factories or land in question and regardless of whether such environmental conditions were created by them or by a prior owner or tenant. The costs of investigation, remediation or removal of environmental conditions may be substantial. Certain environmental laws also impose liability in connection with the handling of or exposure to asbestos containing materials, pursuant to which third parties may seek recovery from owners, tenants or sub-tenants of real properties for personal injuries associated with asbestos-containing materials. There can be no assurance that environmental conditions relating to prior, existing or future factory sites will not harm the Group through, for example, business interruption, cost of remediation or harm to reputation. In Belgium, the Group was confronted with criticism of third parties in respect of a particular dump site. The Group asked an independent third party to review, submitted its findings to the regulatory authority (OVAM) and committed to a full remediation. In order to mitigate these risks, the Group has asked an independent third party to review its other historic sites and report on compliance deficiencies so that it can remedy where necessary. A total provision of EUR 20,700,000 is covering dismantling, restoration and environment costs, out of which EUR 2,600,000 is specifically dedicated to dump sites. Please refer to section 3.3 of "*Description of the Issuer and the Group*" on page 91 for more information in this respect.

Risk of failure or breach of the Group's IT systems

Many of the functions of the Group's operations are dependent on IT systems developed and maintained by internal experts or third parties. The failure of any of these IT systems may cause disruptions in the Group's operations, adversely affecting the Group's sales and profitability. The Group has disaster recovery plans in place to reduce the negative impact of such IT systems failures on the Group's operations, but there is no assurance that these disaster recovery plans will be completely effective in doing so. If third parties are able to penetrate the Group's network security, the Group may face disruptions of its supply chain processes. The Group's security measures are designed to protect against security breaches, but failure to prevent such security breaches could subject the Group to damages.

In the Group's control systems there are inherent limitations and misstatements which due to error or fraud may occur and not be detected and which may harm the Group's business and financial performance and result in difficulty meeting reporting obligations

Effective internal control over financial reporting is necessary for the Group to provide reasonable assurance with respect to its financial reports and to effectively prevent fraud. If the Group cannot provide reasonable assurance with respect to its financial reports and effectively prevent fraud, its business and operating results might be adversely affected. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risks that the control may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate.

If the Group fails to maintain the adequacy of its internal controls, including any failure to implement required new or improved controls, or if the Group experiences difficulties in its implementation of internal controls, its business and operating results could be harmed and the Group could fail to meet its reporting obligations.

Risks related to human resources

In order to achieve its strategic objectives, the Group must rely on and attract new highly qualified personnel adding to and diversifying its current expertise and capabilities. To the extent it is not able to attract, retain and develop such key personnel, this could have an adverse impact on the Group's performance and results and success in achieving its strategy. The Group has an option plan in place to attract and retain key personnel.

The Group may be subject to misconduct by its employees or contractors

The Group may be subject to misconduct by its employees or contractors, such as theft, bribery, sabotage, violation of laws or other illegal actions and may be exposed to the risk of stoppages by third parties, such as hauling companies. Any such misconduct may lead to fines or other penalties, slow-downs in production, increased costs, lost revenues, increased liabilities to third parties, impairment of assets or harmed reputation, any of which may have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is subject to the risk of industrial relations actions which may disrupt its operations

The Group believes that all of the Group's operations have, in general, good relations with their employees and unions. There can be no assurance that the Group's operations will not be affected by industrial relations actions in the future. Strike action at other industry participants' operations may encourage work stoppages in connection with any labour-related demands of employees or unions at the Group's operations. The Group could be adversely affected by labour disruptions involving third parties who provide the Group with goods or services at its operations. Strikes and other labour disruptions at any of the Group's operations, or lengthy work interruptions at its existing and future development projects, could materially adversely affect the timing, completion and cost of any such project, as well as the Group's business, results of operations or financial condition. There can be no assurance that work stoppages or other labour-related developments (including the introduction of new labour regulations in countries where the Group operates) will not adversely affect the Group's business, results of operations or financial condition.

The Group's collective agreements are negotiated with unions and other employee representative organisations from time to time. The collective agreements establish and set the terms and conditions of employment of the employees covered by the collective agreements. The Group's collective agreements have differing terms and expiry dates. Prior to the expiry of a collective agreement, negotiation of conditions for renewal occurs between the relevant employing entities within the Group and the relevant unions or other employee representative organisations. There can be no assurance that collective agreements will be renewed when due without work stoppages or other forms of industrial action, or without additional or unforeseen costs being incurred by the Group.

Pensions risk

Funded defined benefit pension plans have been established by the Group in the United Kingdom, Ireland, Belgium and the Netherlands. These pension plans are organised in pension funds which are subject to the provisions of the European Directive on Institutions for Occupational Retirement Provision (**IORP Directive**). These pensions plans are all closed for new employees and all except the Belgian plan are closed for future accruals. Some of these pension plans are underfunded as reflected in the relevant provision of the Group's accounts. Changes in law affecting pension funds may cause such deficits to substantially increase. In particular the current review of the IORP Directive (and of national legislation implementing this directive) can potentially lead to increased solvency, governance or other requirements, which in turn may trigger the requirement of additional funding by the Group and consequently may have a negative impact on the Group's results.

It is the Group's management understanding that under law, the responsibility to cover the deficit of the pension funds established by the Group is limited to the company that employed the beneficiaries of these pension arrangements. However, these legal rules or the interpretation thereof in the future may change.

The Group's funded pension plans have assets invested in equities and bonds. These assets are subject to stock market volatility. If the Group is required to make increased contributions to its pension plans either because of underfunding or because of more stringent regulations and increased regulator involvement, cash available for other purposes including investments could be significantly reduced.

The Group's insurance may not adequately protect against certain operating hazards

The Group has insurance cover for operational risks, including cover for damage to property (including aspects related to interruptions of activities), operational and other liabilities. The group has specific insurance cover regarding liability for environmental claims. This insurance coverage may not adequately protect the Group against certain operating hazards and this may have a material adverse effect on its business. While the amount of the Group's insurance coverage is in line with industry standards, there can be no assurance that any claim under the insurance policies maintained by it will be honoured fully, in part or on time. In addition, not all risks associated with its operations may be insurable, on commercially reasonable terms or at all. Although the Group believes that the Group has obtained insurance coverage customary to its business, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. To the extent that the Group suffers loss or damage that is not covered by insurance or exceeds its insurance coverage, its results of operations and cash flow may be adversely affected.

The Group may be unsuccessful in managing the growth of its business

As part of its long-term strategy, the Group continues to reinforce its presence in its four business lines: roofing (clay, concrete, fibre-cement), building boards (fibre-cement and plaster), passive fire protection and ceramic tiles by investing in greenfield sites or making acquisitions. Investments in new production sites are made on the basis of market growth assumptions. If these assumptions prove to be wrong, the new investment may lead to an overcapacity in the market, which will negatively affect profit margins. Since the Group disposes of a broad network of production sites, it may

then decide to shift production from one site to another, reducing costly weekend shifts in one facility to build-up production in the new factory. This flexibility is, however, limited by potential increased transport costs.

The Group may be unsuccessful in the integration of acquisitions it has made

Over the past two decades, the Group has made several substantial acquisitions. The integration process following such acquisition is often difficult, as two different enterprise cultures are forced to work as one. This integration process may lead to the loss of key employees or deteriorated market performance. Over the years and through the various acquisitions which it made, the Group has acquired good know-how relating to such integration processes. Nevertheless, any merger exercise is unique and leads to new specific challenges.

In addition, acquisitions entail other risks such as incurring significantly higher than anticipated financing related risks and operating expenses, failing to install and integrate all necessary systems and controls, the loss of customers, entering markets where the Group has no or limited experience, the disruption of its ongoing business and the dissipation of the Group's management resources. Realisation of the anticipated benefits of an acquisition may take several years or may not occur at all. The Group's growth strategy may place a significant strain on the Group's management, operational, financial and other resources. In particular, the success of the Group's acquisition strategy will depend on many factors, including its ability to:

- identify suitable acquisition opportunities;
- successfully complete acquisitions at valuations that will provide anticipated returns on invested capital;
- quickly and effectively integrate acquired operations to realise operating synergies;
- obtain necessary financing on satisfactory terms; and
- make payments on the indebtedness that the Group might incur as a result of these acquisitions.

There can be no assurance that the Group will be able to execute successfully its acquisition strategy, and failure to do so may have a material adverse effect on its business, financial condition and results of operations.

The Group is currently managing the integration of the European and Latin-American plasterboard assets which it purchased from Lafarge Group in November 2011 for an amount of EUR 905,000,000. The results of these assets (Europe and Brazil – the activities in Chile, Argentina and Colombia were already part of the consolidation scope) were consolidated as from 1 November 2011 as a separate division of the Group (with the exception of Lafarge Brazil). While the Group expects this acquisition to create value, there can be no assurance that all expected synergies will be realised and that the operational integration of these assets will be successful.

A change in underlying economic conditions or adverse business performance may result in impairment charges in particular in relation to acquisition goodwill.

In 2011, goodwill and intangible assets increased from EUR 205,900,000 to EUR 503,700,000, mainly as a result of the acquisition of the European gypsum assets, where goodwill (EUR 85,400,000) and other intangibles (EUR 219,900,000) were recognised.

An asset impairment charge may result from the occurrence of unexpected adverse events that may impact the Group's expected performance. In accordance with IFRS, the Group does not amortise goodwill but rather tests it annually for impairment; such impairment charges cannot be reversed. Other assets are tested for impairment when indicators of impairment exist. The Group will continue to test goodwill and other assets (when required) and it may, in the future, record additional impairment charges (which are non-cash) that could be significant and that could have a significant impact on the Group's reported results of operations or financial condition.

Reference is made to note 8.4. (*Impairment testing of goodwill*) to the 2011 Annual Report. In December 2011, impairment reviews were performed by comparing the carrying value of goodwill with the recoverable amount of the cash-generating unit to which goodwill has been allocated. Management determined that no impairment loss had to be recognised. The recoverable amount of the cash-generating units was based on its value in use. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions: (i) cash flows were projected based on actual operating results and the 3-year business plan, (ii) cash flows for further periods were extrapolated using a constant growth rate of 2 per cent. per annum (1% in 2010), (iii) cash flows are discounted using the weighted average cost of capital (WACC) of 10.6 per cent. (9.4 per cent. in 2010). An increase of 1% in the rate used to discount the future cash flows would have led to an impairment on the goodwill of EUR 39,262,000. A decrease of 1 per cent. in the growth rate used to extrapolate cash flows for further periods would lead to an impairment charge of EUR 23,092,000.

Risks related to the regulatory framework and risks related to litigation

Regulations including environment, health and safety regulations

The Group is subject to various environmental regulations, as well as future changes in such regulations, which could expose it to potentially significant compliance costs and litigation relating to environmental issues. The risk that the Group becomes involved in claims, lawsuits or administrative proceedings relating to environmental matters cannot be excluded.

If the Group is not in compliance with environment and health requirements, it could be required to make significant expenditures to cure violations or face third party claims for damages. In such circumstances, it could also be subject to material fines or penalties and, potentially, criminal sanctions. Violations of environmental laws, accidents or use or release of hazardous materials by it or its customers could result in civil claims, temporary shutdowns or interruptions in its operations, resulting in a material adverse effect on its results of operations.

A number of the Group's activities are and will be subject to extensive regulation by the authorities in the countries in which it operates. The Group's failure to obtain product or operations approval under such regulations, significant delays in the approval process, or its failure to maintain such approval will affect its profitability. Changes in regulatory approach could adversely affect the Group's business, for example, stricter regulatory

controls could increase costs of product development, manufacture, distribution and marketing.

Major accidents at the Group's sites, whether due to human error, system failures, deliberate sabotage, extreme weather or other natural disasters or other causes, could result in loss of life or extensive damage to the environment or to nearby, sizable communities. Such events could result in major claims, fines, penalties or significant damage to the Group's reputation and could have a material adverse effect on the Group's business, results of operations or financial condition. Safety is a core value for the Group and it monitors environmental, health and safety legislation, and implements the safety guidelines at all sites, but this may not be enough to prevent major accidents from happening.

The Group's business could be adversely affected if it fails to obtain, maintain or renew necessary licences and permits, or fails to comply with the terms of its licences or permits

In many of the jurisdictions where the Group operates its installations, it is required to have licences, permits or titles covering several of its activities. Regulatory authorities can exercise considerable discretion in the timing of licence issuances and renewal and the monitoring of licensees' compliance with licence terms. Compliance with requirements imposed by these authorities, which require the Group, among other things, to comply with numerous industrial standards, recruit qualified personnel, maintain necessary equipment and quality control systems, monitor its operations, make appropriate filings and, upon request, submit appropriate information to licensing authorities, may be costly and time-consuming and may result in delays in the commencement or continuation of production operations. In addition, the applicable requirements can be amended and new or more stringent requirements can be imposed, which may require the Group to modify its working practices and could restrict the Group's ability to conduct its business as it sees fit. Moreover, the Group's compliance with the terms of its licences may be subject to challenge by regulatory authorities, competitors, or in some cases, members of the public. The Group's licences may be invalidated, revoked or suspended, may not be issued or renewed, or if issued or renewed, may not be issued or renewed in a timely fashion or on conditions acceptable to the Group. The occurrence of any of these events may require the Group to incur substantial costs or may restrict the Group's ability to conduct its operations or to do so profitably.

Climate change legislation could have an adverse impact on the Group's business

As several of the Group companies are part of the European Emission Trading System ("ETS") regulations legislation, they have to return every year the necessary emission allowances. Until now these allowances were granted for free and as such the regulations had a limited impact. However, the EU has amended the legislation on ETS and in the third phase, which will start as from 2013, part of the allowances will have to be auctioned resulting in an important annual cash-out. Moreover, the percentage to auction will increase every year to grow from 20 per cent. in 2013 to probably 80 per cent. in 2020. The Group will have to purchase these allowances on the market for which the price will depend on the market circumstances and are therefore to a certain extent unpredictable. In the short term, the Group keeps all remaining allowances from the second phase as they can be transferred to the third phase in order to have to

purchase less allowances. In the longer term the Group continues its actions to continuously lower its energy consumption and/or also to use as much renewable energy as possible. Most probably however, as times progresses, the Group will have to add part or all of the additional cost in its cost prices.

Risks arising from legal proceedings and claims

The Group is involved in various proceedings from time to time related to the conduct of its business. These include claims related to tax, competition and the manufacture and sale of products (including product liability). In this respect, reference is made to section 9.6 "*Description of the Issuer and the Group*" on page 116. Also, reference is made to the separate risk factor regarding "*Use of asbestos in the past – asbestos health risk*" above.

Product liability risks

The Group is active in the production and selling of building materials, the purpose of which is to be incorporated as part of building structures. If such building products are defective, this may lead the Group to be liable not only for the replacement of the faulty materials, but also for the replacement and new installation of the part of the building structure in which our products were incorporated, leading to potentially high damage claims. In particular in circumstances where new formulations or processes are introduced, the Group is at risk of facing claims resulting from the unexpected behaviour of the materials it supplied.

The Group has implemented internal rules whereby changes in formulations or production processes can be implemented only after thorough testing simulating a significant aging of the products resulting from such new formulations or processes. Nevertheless, these tests are never able to exactly replicate the complexity of different elements that will interact with our products once installed and are therefore not 100 per cent. proof. Risk related to product liability may not be adequately insured, which could lead to further losses for the Group. The Group has faced and is currently facing a number of claims in relation to product liability. In this respect, reference is also made to section 9.6 of "*Description of the Issuer and the Group*" on page 116.

Unexpected outcomes with respect to jurisdictional audits of income tax filings could result in an adverse effect on our financial performance

The members of the Group are regularly audited in the various jurisdictions in which they do business. While the ultimate outcome of these audits is not certain, the Group has considered the merits of its filing positions in its overall evaluation of potential tax liabilities and the Group believes the Group has adequate liabilities recorded in its consolidated financial statements for potential exposures. Unexpected outcomes as a result of these audits could adversely affect the Group's financial condition and results of operations.

Reputational Risk

Litigation, adverse publicity in the press and actions by governmental and non-governmental organisations, relating to, amongst other things, environmental, health and safety issues, may adversely affect the image and reputation of the Group, which could in turn have an adverse effect on its business, results of operations and financial condition.

Financial risks

The Group has financial debt outstanding that could adversely affect its business

The Group's access to global sources of financing to cover its financing needs or repayment of its debt could be impaired by the deterioration of financial markets. On 31 December 2010, the Group's net debt amounted to EUR 337,221,000. On 31 December 2011, the Group's net debt amounted to EUR 1,377,012,000. EUR 72,232,000 was due within one year as of 31 December 2011. The current portion of net debt is calculated as the current portion of loans minus current financial assets and cash and cash equivalents. The Group's recent acquisition of certain assets of Lafarge SA was financed by a facilities agreement which is described in further detail under section 10.1 of the "Description of the Issuer and the Group". As at 30 June 2011 (before the acquisition), the total adjusted leverage ratio was 1.11 times EBITDA. The total adjusted leverage ratio is calculated in accordance with the covenant calculation set forth in the facilities agreement¹. After the acquisition, as at 31 December 2011, the total leverage was 2.6 times recurring EBITDA. Under normalised circumstances, the Group manages its total leverage ratio to stay within 1.5 times to 2.0 times recurring EBITDA by free cash flow from operations and disposals. By 'normalised circumstances', the Group means 'after full integration of the significant acquisition and the related disposals'. The limit as per the facilities agreement is 3.5 times recurring EBITDA.

The Group's level of debt could:

- make it difficult for the Group to satisfy its obligations, including interest payments;
- limit its ability to obtain additional financing to operate its business;
- limit its financial flexibility in planning for and reacting to industry changes;
- place it at a competitive disadvantage as compared to less leveraged companies;

¹ EBITDA is, according to the covenant calculation in the Facilities Agreement, calculated as follows:

	2011 (mio)
Net financial debt	1,337
<i>Adjusted for:</i>	
Refinancing expenses	14
Redeemable preference shares Creation	(7)
Cross Currency Interest Rate Swap	2
Equity Put Option	(315)
Adjusted Net Financial Debt	1,071
REBIT (operating income before non recurring items)	197
plus: Ordinary appreciation on tangible and intangible fixed assets	112
Pro forma 12 months for gypsum activities	104
Recurring operating cash flow	412
Net financial debt / Recurring operating cash flow	2.60
Limit as per syndicated loan	< 3.5.

- increase its vulnerability to general adverse economic and industry conditions; and
- require the Group to dedicate a substantial portion of its cash flow to payments on its debt, reducing the availability of its cash flow for other purposes.

The Group may borrow additional funds to support its capital expenditures and working capital needs and to finance future acquisitions. The incurrence of additional debt could make it more likely that the Group will experience some or all of the risks described above.

If the Group does not generate positive cash flows, it will be unable to service its debt

The Group's ability to pay principal and interest on the Bonds and on its other debt depends on its future operating performance. Future operating performance is subject to market conditions and business factors that often are beyond its control. If the building materials sector deteriorates, the reduction of the Group's operating cash flow could make it necessary to obtain additional financing. Changing conditions in the credit markets and the level of the Group's outstanding debt can make the access to financing more expensive than anticipated and could result in greater financial vulnerability or withstand competitive pressures. Consequently, the Group cannot assure you that it will have sufficient cash flows to pay the principal, premium, if any, and interest on its debt. If the cash flows and capital resources are insufficient to allow the Group to make scheduled payments on its debt, the Group may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance their debt. There can be no assurance that the terms of its debt will allow these alternative measures or that such measures would satisfy its scheduled debt service obligations. If the Group companies cannot make scheduled payments on their debt, they will be in default and, as a result:

- its debt holders could declare all outstanding principal and interest to be due and payable;
- its lenders could terminate their commitments and commence foreclosure proceedings against its assets; and
- it could be forced into bankruptcy or liquidation.

Certain of its debt agreements require the Group to maintain specified financial ratios and meet specific financial tests. Failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the Group companies being required to repay these borrowings before their due date. In addition, certain of the Group's financing agreements and those of its subsidiaries include cross acceleration clauses (pursuant to which the lenders could declare default and accelerate repayment in case of a default under other financing arrangements). If the Group companies fail to comply with payment obligations under these financing agreements or covenants under these financing agreements, the Group's lenders could declare default and accelerate repayment of a significant part of the Group's debt. The Group is currently in compliance with the relevant financial ratios under its financing arrangements (taking into account the relevant test dates) and there is no event of default under the financing arrangements outstanding (nor cured or waived). If the Group companies were unable to make this repayment or otherwise refinance these borrowings, its lenders could

foreclose on its assets. If the Group companies were unable to refinance these borrowings on favourable terms, the Group's business could be adversely impacted.

Funding risk

Funding risk is the risk that the Group will be unable to access the funds that it needs when it comes to refinance its debt or through the failure to meet the terms of its syndicated credit facility. As a private company, the Group has no access to equity funding at Group level.

Further information on the terms of the syndicated credit facility is to be found under section 10.1 of "*Description of the Issuer and the Group*" on page 119 of this Prospectus. The loans under the syndicated credit facility will mature prior to the maturity of the Bonds. Refinancing risk is managed through developing strong bank relationships with a group of financial institutions, through maintaining a strong and prudent financial position over time and through diversification of funding sources. The Group is looking to diversify and broaden its funding base by issuing the Bonds.

Short term liquidity risk is managed on a daily basis with funding needs being fully covered through the availability of credit lines. Cash is maintained, where necessary, to guarantee the solvency and flexibility of the Group at all times. Based on the current syndicated credit facility, the Group believes that it has sufficient head room in its committed credit lines in order to manage the ongoing cash needs of its operations.

Economic and financial risks

The Group is exposed to the risk of a worsening of the global economy, leading to a global recession or a recession in one of its key geographical markets. It is also exposed to credit and capital market volatility and economic and financial crises, which could result in a deterioration of its results as some of its operating segment results are closely linked to general economic conditions, and could adversely affect the market price of the Bonds.

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices, will (positively or negatively) affect the Group's income or expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. In order to do so, hedging transactions are entered into.

The Group generates financial assets and incurs financial liabilities in the ordinary course of business. It buys and sells derivatives in order to manage market risk. Generally, the Group seeks to apply hedge accounting to allow it to offset, at maturity, the gains or losses on the hedging contracts against the value of costs and revenue. Hedging accounting enables it to manage volatility in the income statement. There can however be no assurance that such volatility will be fully and adequately managed.

Turbulence in the global credit markets and economy may adversely affect the Group's financial condition and liquidity

Current economic conditions have been, and continue to be, volatile. Disruptions in the capital and credit markets could adversely affect the Group's ability to draw on its bank credit facilities or enter into new bank credit facilities. The Group's access to funds under its bank credit facilities is dependent on the ability of the banks that are parties to the facilities to meet their funding commitments. Those banks may not be able to meet their funding commitments to the Group if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from the Group and other borrowers within a short period of time. Also, disruptions in the capital and credit markets may impact the Group's ability to renew those bank credit facilities or enter into new bank credit facilities as needed. In addition, the Group's suppliers and third-party service providers could experience credit or other financial difficulties that could result in their inability or delays in their ability to supply the Group with necessary goods and services.

Currency exchange risk

In its operations, the Group is exposed to currency risk on sales, purchases and borrowings, as a result of its subsidiaries' purchases and sale transactions in currencies other than their operating currencies.

The translation of local statements of financial position and income statements into the Group reporting currency leads to currency translation effects. If the Group hedges net investment in foreign entities (which it does only occasionally) with foreign currency borrowings or other instruments, the hedges of net investments are accounted for similarly to cash flow hedges. All foreign exchange gains or losses arising on translation are recognised in equity and included in cumulative translation differences.

Due to the nature of the Group's business, a high proportion of revenues and costs are in local currency, hence the transaction risks are limited. Where Group entities have expenditures and receipts in different currencies, they enter into derivatives contracts themselves or through the Group's financing centre to hedge their foreign currency exposure over the following months (based on forecasted purchases and sales). These derivatives are designated either as cash flow hedges, fair value hedges or non hedging derivatives.

Exchange rate sensitivity

If the euro increases in value against a currency, the value in euros of assets, liabilities, income and expenses originally recorded in the other currency will decrease. Conversely, if the euro decreases in value against a currency, the value in euros of assets, liabilities, income and expenses originally recorded in the other currency will increase. Consequently, increases and decreases in the value of the euro may affect the value in euros of the Group's non-euro assets, liabilities, income, and expenses, even though the value of these items has not changed in their original currency. Exchange rate sensitivity may have a significant adverse impact on the Group's results, to the extent adequate hedging arrangements are not in place.

Interest rate risk

The Group's primary source of funding is floating rate bank debt. Therefore it is exposed to the risk of changes, beneficial or adverse, in market interest rates. The Group's long-term borrowings have been raised by companies in Belgium, Chile and Germany. To manage its interest costs, the Group has entered into interest rate swaps. The hedges ensure that the Group's interest rate cost on borrowings is on a fixed rate basis. The timing of such hedges is managed so as to lock interest rates in a beneficial manner for the Group. Although the Group manages its interest rate exposure to some extent, there can be no assurance that the Group can immunise itself fully from interest rate risks.

Interest rate sensitivity

The Group uses interest rate swaps to hedge its risks associated with interest rate fluctuations. In accordance with its treasury policy, the Group does not hold interest rate swaps for trading purposes. Interest rate swaps that do not qualify for hedge accounting are accounted for as financial assets and liabilities at fair value through profit and loss. The Group is currently almost fully hedged against an increase in interest rates. Some of the interest rate swaps will start in the future and will provide coverage up to the end of the current Facilities Agreement (as defined below).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or finance counterparty to a deposit, lending or derivative instrument fails to meet its contractual obligations.

The Group is mainly exposed to credit risk in the event of default by a counterparty (mainly banks and other financial institutions). The Group attempts to limit its exposure to counterparty risks by rigorously selecting the counterparties with whom the Group trades, by regularly monitoring the ratings assigned by credit rating agencies, and by taking into account the nature and maturity of the Group's exposed transactions, according to internal Group policies. The Group establishes counterparty limits that are regularly reviewed. The Group believes the Group has no material concentration of risk with any counterparty. The Group does not anticipate any third-party default that might have a significant impact on the Group's financial condition and operational results. However, there can be no assurance that defaults in payment will not have a material adverse effect on the profitability of the Group.

A company in which Etex SA holds a minority interest has granted a loan of EUR 85,000,000 to its majority shareholder (a third party, not a Group company). It cannot be excluded that this loan will not be repaid when due. Should this be the case, the Group shall recognize an impairment which is however not expected to have an impact on the net financial debt position of the Group. Note that the company is included in the consolidation as an equity accounted investee therefore the loan does not appear as such in the financial position of the Group. An impairment (63 per cent.) of the loan has already been recognised in the opening balance. The impairment is not recognised in the accounts of the company that has granted the loan, but is recognised in the consolidated accounts of Etex SA and is the result of the impairment test performed by Etex. The book value of this investment in the consolidated accounts amounts to EUR 56,376,000. If the loan would be fully impaired, the book value of the investment would go from EUR 56,376,000 to EUR 45,538,000.

Commodity risk and sensitivity

The Group is subject to commodity risk with respect to price fluctuations mainly in the cement, electricity, natural gas, petrol and diesel. The Group attempts to limit its exposure to fluctuations in commodity prices and to increase its use of alternative fuels and renewable energies.

From time to time, the Group hedges the commodity exposures through derivative instruments. The Group does not enter into commodities contracts other than for hedging purposes.

The Group is exposed to the risk of changes in tax legislation and the interpretation of such legislation in the jurisdiction in which it operates

The Group's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. Action by governments to increase tax rates or to impose additional taxes may reduce the profitability of the Group. Revisions to tax legislation or to its interpretation may also affect the Group's results in the future.

Risks Relating to the Issuer and the Guarantors

The Issuer is a financing vehicle within the Group and Etex SA and certain other Guarantors are holding companies

The Issuer is a financing vehicle within the Group with none of its own operating income. Etex SA as well as the other Guarantors (with the exception of Eternit NV and Promat International NV) are holding companies that derive the substantial majority of their operating income and cash flows from their subsidiaries. The business, results of operations and financial condition of these companies is therefore dependent on the trading performance of members of the Group. Their ability to service their debt, including, in the case of the Guarantors, their guarantee obligations under the Bonds, will depend upon the level of distributions, if any, received from their operating subsidiaries and interests, any amounts received on intra-group loans, capital raisings and asset disposals and the level of cash balances. Certain of the Group's operating subsidiaries and associated companies may, from time to time, be subject to restrictions on their ability to make distributions, including as a result of restrictive covenants contained in loan agreements, foreign exchange limitations, tax and company law constraints and other regulatory restrictions in cases where they are not the only shareholder of these subsidiaries, in the case of joint ventures, agreements with the other shareholders of such subsidiaries or associated companies, or royalty or similar arrangements. Any such restrictions may have a material adverse effect on the Group's business, results of operations or financial condition and on the ability of the Issuer and the Guarantors to fulfil their obligations under the Bonds and/or the Guarantee, as the case may be.

Minority shareholders

Some companies within the Group have minority shareholders. Some agreements with minority shareholders contain limitations on their ability to make dividend distributions. In other companies, the Group has only a minority stake and as a consequence only a limited influence on the management of the company or the distribution of dividends.

No separate financial information is provided in this Prospectus for each Guarantor

This Prospectus contains the consolidated financial statements in respect of the Group and the separate financial statements in respect of the Issuer. The Prospectus does not include a separate set of financial information for each Guarantor.

Privately-owned group with limited disclosure obligations compared to a listed group

The Group is not a listed group. As a result, the Issuer is not subject to regulations and transparency obligations applicable to companies with listed shares. It will nevertheless be required to meet additional transparency obligations (including the obligation to publish half-year financial statements) following the listing of the Bonds on the regulated market of Euronext Brussels.

Semi-annual financial information and trend information

This Prospectus contains key financial information and trend information in respect of the first semester of 2012. This information is based upon, and extracted from, unaudited financial information of the Group, and has not been subject to any review, audit or verification by the auditors of the Group.

Risk Relating to the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Independent Review and Advice

Each prospective investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines

and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds.

There is no active trading market for the Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and each Guarantor. Although application has been made for the Bonds to be admitted to listing on the official list and trading on the regulated market of NYSE Euronext Brussels, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

The Bonds may be redeemed prior to maturity

In the event that the Issuer or any Guarantor would be obliged to increase the amounts payable in respect of any Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Belgium, The Netherlands, Luxembourg, the United Kingdom, Chile or any other jurisdiction from time to time in which the Issuer or a Guarantor becomes subject to tax or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Bonds in accordance with the Conditions.

Each Bondholder will have the right to require the Issuer to repurchase all or any part of such holder's Bonds at the Put Redemption Amount upon the occurrence of an Early Redemption Event, as such terms are defined herein, and in accordance with Condition 4(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change Of Control*). In the event that the Change of Control put option right is exercised by holders of at least 85 per cent. of the aggregate principal amount of the Bonds, the Issuer may, at its option, redeem all (but not less than all) of the Bonds then outstanding pursuant. However, Bondholders should be aware that, in the event that (i) holders of 85 per cent. or more of the aggregate principal amount of the Bonds exercise their option under Condition 4(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change Of Control*), but the Issuer does not elect to redeem the remaining outstanding Bonds, or (ii) holders of a significant proportion, but less than 85 per cent. of the aggregate principal amount of the Bonds exercise their option under Condition 4(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change Of Control*), Bonds in respect of which the Change of Control put option is not exercised may be illiquid and difficult to trade.

Potential investors should be aware that the Change of Control put option can only be exercised upon the occurrence of an Early Redemption Event as defined in the Conditions, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer. Bondholders deciding to exercise the Change of Control put option shall have to do this through the bank or other financial intermediary through which the Bondholder holds the Bonds (the Financial Intermediary) and are advised to check when such Financial Intermediary

would require to receive instructions from the Bondholders in order to meet the deadlines for such exercise to be effective. The fees and/or costs, if any, of the relevant Financial Intermediary shall be borne by the relevant Bondholders.

The Bondholders' put option upon a Change of Control under the Bonds is subject to shareholders' approval

The exercise by any of the Bondholders of the option to demand an early redemption in the event of a change of control as set out in Condition 5(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) of the Terms and Conditions of the Bonds may only be effective against respectively, the Issuer and each of the Guarantors established in Belgium, under Belgian law if and when (i) the terms of Condition 5(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) of the Terms and Conditions of the Bonds have been approved by the shareholders of the Issuer and each Guarantor (that is incorporated or established in Belgium) in a general shareholders' meeting, and (ii) such resolution has been filed with the Clerk of the Commercial Court of Brussels (*griffie van de rechtbank van koophandel/greffe du tribunal de commerce*).

The shareholders of the Issuer, Eternit NV and Promat International NV have approved Condition 5(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) through an unanimous written resolution of their shareholders dated 30 August 2012 that was filed with the Clerk of the Commercial Court of Brussels (*griffie van de rechtbank van koophandel/greffe du tribunal de commerce*). An extraordinary shareholders' meeting of Etex SA to take place before 31 December 2012 will be requested to approve, the terms of Condition 5(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) of the Terms and Conditions of the Bonds in accordance with Belgian law. The resolution to approve these terms requires an approval of more than 50 per cent. of the votes cast at the general shareholders' meeting and does not have a quorum requirement. There can be no assurance that such approval will be granted at such meeting.

If a change of control occurs prior to such approval and filing, Bondholders may not be entitled to exercise the option set out in the terms of Condition 4(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) of the Terms and Conditions of the Bonds.

Reliance on the procedures of the NBB System, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Bonds will be issued in dematerialised form under the Belgian Company Code and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the NBB System. Access to the NBB System is available through the NBB System participants whose membership extends to securities such as the Bonds. The NBB System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Bonds will be effected between the NBB System participants in accordance with the rules and operating procedures of the NBB System. Transfers between investors will be effected in accordance with the respective rules and

operating procedures of the NBB System participants through which they hold their Bonds.

Neither the Issuer, nor any of the Guarantors, the Managers or any Agent will have any responsibility for the proper performance by the NBB System or the NBB System participants of their obligations under their respective rules and operating procedures.

A Bondholder must rely on the procedures of the NBB System, Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Bonds within the NBB System.

No Agent is required to segregate amounts received by it in respect of Bonds cleared through the NBB System

The Agency Agreement (as defined in the Terms and Conditions) provides that an Agent will debit the relevant account of the Issuer and use such funds to make payment to the Bondholders.

The Agency Agreement also provides that an Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Bondholder, directly or through the NBB, any amounts due in respect of the relevant Bonds. However, no Agent is required to segregate any such amounts received by it in respect of the Bonds, and in the event that such Agent were subject to insolvency proceedings at any time when it held any such amounts, Bondholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from such Agent in accordance with applicable Belgian insolvency laws.

No Agent assumes any fiduciary or other obligations to the Bondholders

ING Belgium NV/SA will act as paying agent, calculation agent and domiciliary agent (the "**Agent**"). The Agent will act in its respective capacity in accordance with the Terms and Conditions and the Agency Agreement in good faith. However, Bondholders should be aware that the Agent assumes no fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further the interests of the Bondholders.

The Agent may rely on any information to which it should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties.

The Terms and Conditions of the Bonds may be modified or waived in certain circumstances without the consent of Bondholders

The Trust Deed will contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Trustee may, under certain circumstances more fully described in the Trust Deed, without the consent of the Bondholders agree to any modification of the Terms and Conditions of the Bonds or the Trust Deed (other than in respect of a Reserved Matter (as defined in the Trust Deed)) if, in the opinion of the Trustee, such modification will

not be materially prejudicial to the interests of Bondholders and to any modification of the Bonds or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter (as defined in the Trust Deed)) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby. Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Bondholders as soon as practicable thereafter.

Change of law

The Trust Deed and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that Condition 1(a) (*Form Denomination and Title*) and Condition 10(a) (*Meetings of Bondholders*) are governed by, and shall be construed in accordance with, Belgian law. No assurance can be given as to the impact of any possible judicial decision or change to English or Belgian Law or, the application or interpretation of English or Belgian law or administrative practice after the date of this Prospectus.

Certain Guarantors may cease to be Guarantors

In accordance with Condition 1(e) (*Form Denomination, Status and Guarantee of the Bonds — Release of Guarantors of the Bonds*), at any time, the Issuer may, by written notice to the Trustee signed by two directors of the Issuer, elect that up to and including two Guarantors (excluding Etex SA) cease to be Guarantors. If this happens, Bondholders will only be able to look to the Issuer, the remaining Guarantors and any New Guarantors, for payments in respect of the Bonds. Upon any Guarantor being released in accordance with Condition 1(e) (*Form, Denomination, Status and Guarantee of the Bonds – Release of Guarantors*), the interest rate payable on the Bonds shall increase pursuant to Condition 3(c) (*Interest - Guarantor Release Step-Up Change and Guarantor Accession Step-Down Change*) unless the Issuer shall procure that one or more New Guarantors is appointed in accordance with Condition 1(f) (*Form, Denomination, Status and Guarantee of the Bonds – New Guarantors*). In this situation, although such New Guarantors will have been appointed in place of Guarantors that have been released, there is no assurance that such New Guarantors will be able to fulfil their obligations under the Bonds (whereas the Guarantors that have been released may have been able to do so).

The liability of some of the Guarantors under the Guarantee is limited

The Guarantee provided by the Guarantors will be subject to the following limitations:

- (a) the liability under the Guarantee of the Bonds of any Guarantor incorporated in The Netherlands (each a "**Relevant Dutch Guarantor**") will be limited so that no obligation or liability shall be guaranteed by that Guarantor to the extent that, if it were to be guaranteed, it would constitute unlawful financial assistance within the meaning of Section 2:207(c) or 2:98(c) of the Dutch Civil Code;
- (b) the liability under the Guarantee of Eternit NV, Promat International NV and any other Guarantor (other than Etex SA) incorporated or established in Belgium

(each a "**Relevant Belgian Guarantor**") will be limited to an aggregate amount (without double counting) not exceeding the sum of:

- (i) the aggregate of all principal amounts borrowed by a Relevant Belgian Guarantor (or its direct or indirect Subsidiaries) (regardless of the form thereof, including through the subscription of debt instrument) that have been financed directly or indirectly out of the proceeds of the issue of the Bonds (without any reduction for any repayment thereof);
- (ii) plus the greater of:
 - (A) the aggregate of (A) 95 per cent. of such Relevant Belgian Guarantor's net assets (as referred to in article 617 of the Belgian Company Code) and (B) the amount equal to any subordinated debt it may owe, at the time a demand for payment under the guarantee is made, and
 - (B) the aggregate of (A) 95 per cent. of such Relevant Belgian Guarantor's net assets (as referred to in article 617 of the Belgian Company Code) and (B) the amount equal to any subordinated debt it may owe, at the date of the giving of the Guarantee of the Bonds by such Relevant Belgian Guarantor;
- (iii) The liability under the Guarantee of the Bonds of Merilux S.à.r.l. and any other Guarantor incorporated or established in the Grand Duchy of Luxembourg (each a "**Relevant Luxembourg Guarantor**") shall at all times be limited to an aggregate amount (without double counting) not exceeding the sum of:
 - (A) the aggregate of all principal amounts borrowed by such Relevant Luxembourg Guarantor (or its direct or indirect Subsidiaries) (regardless of the form thereof, including through the subscription of debt instruments) that have been financed directly or indirectly by the proceeds of the Bonds;
 - (B) plus the greater of:
 - (1) the aggregate of (A) 99 per cent. of such Luxembourg Guarantor's own funds (*capitaux propres* as referred to in article 34 of the Luxembourg law of 19 December 2002 on the commercial register and annual accounts) and (B) the amount equal to any subordinated debt it may owe, at the time a demand for payment under the Guarantee is made, and
 - (2) the aggregate of (A) 99 per cent. of such Luxembourg Guarantor's own funds (*capitaux propres* as referred to in article 34 of the Luxembourg law of 19 December 2002 on the commercial register and annual amounts) and (B) the amount equal to any subordinated debt it may owe, at the Issue Date.

The Trustee may request from such Guarantors an undertaking in the form of a certificate in which such Guarantors state whether any such limitations apply and, if applicable, the extent to which such limitations apply. The Trustee shall be entitled to conclusively rely on any such certificate of undertaking.

Further, the process of receiving or enforcing payments by Guarantors incorporated in the Netherlands, Belgium and Luxembourg under the Guarantee may be delayed if and to the extent that additional corporate resolutions from these Guarantors and/or certificates from the relevant Guarantor's statutory auditors or any further action in respect of the payments is/are required. Therefore, there can be no assurance as to the amount, if any, and timing of any payment of the Guarantors incorporated in the Netherlands and Belgium under the Guarantee. The Guarantee should accordingly not be a decisive element in any assessment as to whether or not to invest in the Bonds.

Market value of the Bonds

The market value of the Bonds will be affected by the creditworthiness of the Issuer and each Guarantor and a number of additional factors.

The value of the Bonds depends on a number of interrelated factors, including economic, financial and political events in Belgium, The Netherlands, Luxembourg, the United Kingdom, Chile or any other jurisdiction from time to time in which a Guarantor is incorporated or established or elsewhere, including factors affecting capital markets generally and the stock exchanges on which such Bonds are traded. The price at which a holder of such Bonds will be able to sell such Bonds prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Fixed Rate Bonds

Investment in Bonds which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a

Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Trustee structure

The Trustee holds the benefit of the Issuer's covenant to pay and the other covenants under the Trust Deed and may, at its discretion, enforce any such covenants but it shall not be bound to do so unless so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-quarter in principal amount of the Bonds outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction. In respect of certain Events of Default, the Trustee must certify in writing that such event is, in its opinion, materially prejudicial to the interest of the Bondholders. Furthermore, only the Trustee may enforce the provisions of the Trust Deed. No Bondholder may proceed directly against the Issuer or any Guarantor to enforce the terms of the Trust Deed unless the Trustee, having become bound so to proceed, fails to do so and such failure is continuing.

The Bonds may suffer the impact of turmoil in global credit markets

Potential investors should be aware of the turmoil in global credit markets that led to a general lack of liquidity in the secondary markets for instruments similar to the Bonds. The Issuer cannot predict if this situation will change and, if and when the situation changes, there will be no assurance that such conditions will not return in the future.

Transactions by the Issuer, Guarantors, Agent, Calculation Agent, Trustee and the Managers

The Issuer, Guarantors, Agent, Calculation Agent, Trustee and the Managers may engage in transactions adversely affecting the interests of the Bondholders.

The Issuer, any Guarantors, the Domiciliary Agent, the Calculation Agent, the Trustee and/or any Managers may be involved in transactions that have a negative impact on the interests of the Bondholders. Neither the Calculation Agent, nor the Domiciliary Agent has any fiduciary or other obligation with respect to the Bondholders, and in particular is not obliged to make arrangements for the protection of their interests.

Potential investors should be aware that the Issuer is involved in a general business relationship or/and in specific transactions with each of the Managers or certain affiliates of the Managers and that they might have conflicts of interests which could have an adverse effect to the interests of the Bondholders. Potential investors should also be aware that each of the Managers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer.

Within the framework of a normal business relationship with its banks, the Issuer entered into a facilities agreement with each of the Managers or certain affiliates of the Managers. Please refer to section 10.1 of "*Description of the Issuer and the Group*" on page 119. It has to be noted that this facilities agreement may include different or additional terms or covenants in favour of the lenders under the facilities agreement compared to the terms of the Bonds.

The Issuer and the Bonds do not have a credit rating, and the Issuer currently does not intend to request a credit rating for itself or for the Bonds at a later date. This may render the price setting of the Bonds more difficult

The Issuer and Bonds do not have a credit rating at the time of the Public Offer, and the Issuer currently does not intend to request a credit rating for itself or the Bonds at a later date. This may impact the trading price of the Bonds. There is no guarantee that the price of the Bonds and the other Conditions at the time of the Public Offer, or at a later date, will cover the credit risk related to the Bonds and the Issuer. In addition, there can be no assurance that, should a rating be requested in respect of the Issuer, the Group or the Bonds, an investment grade rating would be assigned.

It is possible that the Bonds are exposed to foreign exchange risks and exchange controls

The Issuer, and, if applicable, the Guarantors will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds, and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Eurozone crisis

Potential investors should be aware of the crisis affecting the eurozone, the turbulence in the global credit markets and the general economic outlook. The Issuer cannot predict when these circumstances will change and potential investors need to be aware of the significant uncertainty about future developments in this regard. .

Payments with respect to the Bonds may be subject to Belgian withholding tax

If the Issuer, any Guarantor, the NBB, the Agent or any other person is required by law to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, the Issuer, any Guarantor, the NBB, the Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

The Issuer or the relevant Guarantor will pay such additional amounts as may be necessary in order that the net payment received by each Bondholder in respect of the Bonds, after withholding for any taxes imposed by tax authorities in Belgium upon payments made by or on behalf of the Issuer in respect of the Bonds, will equal the amount which would have been received in the absence of any such withholding taxes, except that no such additional amounts shall be payable in respect of any Bond under

the circumstances defined in Condition 7 (*Taxation*). Such additional amounts will also be due in case of a withholding tax which would be the consequence of a change of the statutory seat of the Issuer.

Potential purchasers and sellers of the Bonds may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. The statements in this Prospectus are a general description of certain Belgian tax considerations related to the Bonds. It does not purport to be a complete analysis of all tax considerations related to the Bonds in Belgium or elsewhere. Hence, potential investors are advised not to solely rely upon the tax summary contained in this Prospectus but to seek the advice of a tax professional regarding their individual tax liabilities with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus. Such taxes or documentary charges could also be due in case of a possible change of the statutory seat of the Issuer.

Changes in governing law could modify certain Conditions

The Conditions are based on the laws of England in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England, the official application, interpretation or the administrative practice after the date of this Prospectus.

Risk of withdrawal or cancellation of the Public Offer

As from the date of this Prospectus and at any time prior to the Issue Date of the Bonds, the Public Offer of the Bonds may be wholly or partially retracted or cancelled in accordance with the provisions of the Subscription Agreement. In this case, investors who paid the issue price for the Bonds prior to the notification of retraction or cancellation of the offer shall receive the total amounts of funds already paid by them as issue price for the Bonds. However, such investor may not receive the interest on such amount they otherwise could have earned if they had not paid the issue price for the Bonds.

Insolvency laws of Belgium and the jurisdictions in which the Guarantors are incorporated can have a negative impact on the recoverability of amounts due under the Bonds

The Issuer and certain Guarantors are incorporated, and have their registered office, in Belgium. Certain other Guarantors are incorporated, and have their registered office, in the United Kingdom, Germany, the Netherlands and Chile. Consequently, the Issuer and such Guarantors may be subject to insolvency laws and proceedings in these jurisdictions.

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the Terms and Conditions of the Bonds, save for the paragraphs in italics that shall be read as complementary information.

The 5.00 per cent. Bonds due 31 March 2017 (the "**Bonds**", which expression includes any further bonds issued pursuant to Condition 12 (*Further issues*) and forming a single series therewith) of Etexco SA (the "**Issuer**") are constituted pursuant to, are subject to, and have the benefit of, a trust deed dated on or about 4 September 2012 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer, E M Holdings UK Ltd, Eternit NV, Etex SA, Inversiones Etex Chile Limitada, Merilux S.à.r.l., Nefibouw B.V., Promat International NV (each a "**Guarantor**" and together the "**Guarantors**") and BNP Paribas Trust Corporation UK Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement to be dated on or about 4 September 2012 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantors, ING Belgium NV/SA acting as paying agent, calculation agent, and domiciliary agent (the "**Agent**"), which shall include any successor agent appointed from time to time in connection with the Bonds) and the Trustee. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Bondholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Bondholders during normal business hours at the registered office for the time being of the Issuer, being at the date hereof Avenue de Tervueren 361, 1150 Brussels, Belgium and at the specified office of the Agent.

References herein to "**Guarantor**" and "**Guarantors**", as applicable, shall, so far as the context permits, also include any Subsidiary (as defined in Condition 2 (*Definitions*)) of Etex SA (the "**Parent**") which becomes a Guarantor of the Bonds and party to the Trust Deed at any time in accordance therewith, but shall not include any Subsidiary of the Parent which ceases to be a Guarantor of the Bonds, all as described under "*Form, Denomination, Status and Guarantee — Guarantee of the Bonds*".

1. **Form, Denomination, Status and Guarantee of the Bonds**

- (a) *Form, Denomination and Title:* The Bonds are in dematerialised form in accordance with Articles 468 et seq. of the Belgian Company Code. The Bonds will be represented by a book entry in the records of the clearing system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**NBB System**"). The Bonds can be held by their holders through the participants in the NBB System, including Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking *société anonyme* ("**Clearstream, Luxembourg**") and through other financial intermediaries which in turn hold the Bonds through Euroclear and Clearstream Luxembourg or other participants in the NBB System. The Bonds are transferred by account transfer. Payments of principal, interest and other sums due under the Bonds will be made in accordance with the rules of the NBB System through the NBB. Bondholders are entitled to exercise the rights they have, including exercising their voting rights and other associative rights (as defined for the purposes of Article 474 of the

Belgian Company Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing their position in the Bonds (or the position held by the financial institution through which their Bonds are held with the NBB, Euroclear or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

The Bonds may not be exchanged for bonds in bearer form. The Bonds have a denomination of EUR 1,000, and can only be settled through the NBB System in nominal amounts equal to that denomination or integral multiples thereof.

- (b) *Status of the Bonds*: The Bonds constitute direct, senior, unconditional, and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured and unsubordinated obligations of the Issuer which will at all times (subject as provided above) rank *pari passu* among themselves and at least *pari passu* with all other present and future outstanding unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (c) *Guarantee of the Bonds*: Each Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds. This guarantee (the "**Guarantee of the Bonds**") constitutes direct and (subject to certain limitations set out in Condition 1(d) (*Limit on Certain Guarantors' Liability*) below) unconditional obligations of each Guarantor which will at all times subject as provided above) rank at least *pari passu* with all other present and future outstanding unsecured obligations of each Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (d) *Limit on Certain Guarantors' Liability*:
 - (i) The liability under the Guarantee of the Bonds by Nefibouw B.V. and any other Guarantor incorporated in the Netherlands (each a "**Relevant Dutch Guarantor**") will be limited so that no obligation or liability shall be guaranteed by that Guarantor to the extent that, if it were to be guaranteed, it would constitute unlawful financial assistance within the meaning of Section 2:207(c) or 2:98(c) of the Dutch Civil Code.
 - (ii) The liability under the Guarantee of the Bonds by Eternit NV, Promat International NV and any other Guarantor (other than the Parent) incorporated or established in Belgium (each a "**Relevant Belgian Guarantor**") will be limited to an aggregate amount (without double counting) not exceeding the sum of:

- (A) the aggregate of all principal amounts borrowed by a Relevant Belgian Guarantor (or its direct or indirect Subsidiaries) (regardless of the form thereof, including through the subscription of debt instrument) that have been financed directly or indirectly out of the proceeds of the issue of the Bonds (without any reduction for any repayment thereof);
 - (B) plus the greater of:
 - (1) the aggregate of (A) 95 per cent. of such Relevant Belgian Guarantor's net assets (as referred to in article 617 of the Belgian Company Code) and (B) the amount equal to any subordinated debt it may owe, at the time a demand for payment under the Guarantee is made, and
 - (2) the aggregate of (A) 95 per cent. of such Relevant Belgian Guarantor's net assets (as referred to in article 617 of the Belgian Company Code) and (B) the amount equal to any subordinated debt it may owe, at the date of the giving of the Guarantee of the Bonds by such Relevant Belgian Guarantor.
- (iii) The liability under the Guarantee of the Bonds by Merilux S.à.r.l. and any other Guarantor incorporated or established in the Grand Duchy of Luxembourg (each a "**Relevant Luxembourg Guarantor**") shall at all times be limited to an aggregate amount (without double counting) not exceeding the sum of:
- (A) the aggregate of all principal amounts borrowed by such Relevant Luxembourg Guarantor (or its direct or indirect Subsidiaries) (regardless of the form thereof, including through the subscription of debt instruments) that have been financed directly or indirectly by the proceeds of the Bonds;
 - (B) plus the greater of:
 - (1) the aggregate of (A) 99 per cent. of such Luxembourg Guarantor's own funds (*capitaux propres* as referred to in article 34 of the Luxembourg law of 19 December 2002 on the commercial register and annual accounts) and (B) the amount equal to any subordinated debt it may owe, at the time a demand for payment under the Guarantee is made, and
 - (2) the aggregate of (A) 99 per cent. of such Luxembourg Guarantor's own funds (*capitaux propres* as referred to in article 34 of the

Luxembourg law of 19 December 2002 on the commercial register and annual accounts) and (B) the amount equal to any subordinated debt it may owe, at the date of giving of the Guarantee of the Bonds by such Relevant Luxembourg Guarantor.

The Trustee may request from such Guarantors an undertaking in the form of a certificate in which such Guarantors state whether any such limitations apply and, if applicable, the extent to which such limitations apply. The Trustee shall be entitled to conclusively rely on any such certificate of undertaking.

- (e) *Release of Guarantors*: At any time, the Issuer may by written notice to the Trustee signed by two directors of the Issuer elect (during the period from and including the Issue Date (as defined below) to but excluding the Maturity Date (as defined below)), that up to and including two Guarantors, but excluding the Parent, (each an "**Existing Guarantor**") cease to be a Guarantor. Upon the Trustee's receipt of such notice (receipt of such notice to be acknowledged to the Issuer by the Trustee as soon as practicable), the relevant Existing Guarantor shall automatically and irrevocably be released and relieved of any obligation under the Guarantee of the Bonds. Such notice to the Trustee must also contain a certification that (i) no Event of Default (as defined in Condition 8 (*Events of Default*)) is continuing and (ii) the requirements set out in Condition 1(f) (*New Guarantors*) have been fulfilled.
- (f) *New Guarantors*:
 - (i) If any Guarantor shall be released and relieved of any obligation under the Guarantee of the Bonds pursuant to Condition 1(e) (*Release of Guarantors*) above, the interest rate payable on the Bonds shall increase pursuant to Condition 4(c) (*Guarantor Release Step-Up Change and Guarantor Accession Step-Down Change*) unless the Issuer shall procure that a New Guarantor Accession occurs on or prior to the date of the release of the relevant Existing Guarantor and for as long as no New Guarantor Accession occurs.
 - (ii) If following an increase of the interest payable on the Bonds pursuant to Condition 4(c) (*Guarantor Release Step-Up Change and Guarantor Accession Step-Down Change*) a New Guarantor Accession occurs, the interest payable on the Bonds shall decrease pursuant to Condition 4(c) (*Guarantor Release Step-Up Change and Guarantor Accession Step-Down Change*).

A "**New Guarantor Accession**" shall occur, once the following requirements in this Condition 1(f)(a) and (b) have been completed:

- (a) up to and including three Subsidiaries of the Parent become each a Guarantor (each, a "**New Guarantor**") by delivering to the Trustee a supplemental trust deed, in the form attached to the Trust Deed,

pursuant to which each such New Guarantor shall become party to the Trust Deed and guarantee the obligations of the Issuer in respect of the Bonds and the Trust Deed on terms *mutatis mutandis* (to the extent lawful and subject to customary guarantee limitations in the relevant jurisdiction of the Guarantor as will be certified by the applicable local law counsel at the time of such succession or otherwise as provided in the Trust Deed) as the Guarantee of the Bonds and by executing and delivering to the Trustee a supplemental agency agreement, in the form attached to the Agency Agreement pursuant to which each such New Guarantor agrees to be bound by the provisions of the Agency Agreement as fully as if each such New Guarantor had been named therein as an Existing Guarantor; and

- (b) before becoming a New Guarantor, each relevant Subsidiary shall provide to the Trustee a certificate (on which the Trustee may conclusively rely) stating either (i) that at the time of the substitution of the relevant Existing Guarantor for the relevant Subsidiary or Subsidiaries or, (ii) where such relevant Subsidiary or Subsidiaries become a New Guarantor after the Existing Guarantor has been released pursuant to Condition (e) (*Release of Guarantors*) above, that at the time such relevant Subsidiary or Subsidiaries become a New Guarantor:
- (A) such relevant Subsidiary is incorporated in a European Union member state;
 - (B) the Bonds shall not become subject to redemption for tax reasons pursuant to Condition 5(b) (*Redemption for tax reasons*) as a result of such Subsidiary becoming a New Guarantor;
 - (C) the average EBITDA for the last 2 financial years of the relevant Subsidiary or Subsidiaries on an aggregate basis was equal to or greater than the average EBITDA for the last 2 financial years of the relevant Existing Guarantor (counting back from the time the Existing Guarantor was released pursuant to Condition 1(e) (*Release of Guarantors*));
 - (D) if the relevant Subsidiary or Subsidiaries become a New Guarantor at the time of substitution of the relevant Existing Guarantor, the determination of the average EBITDA for the last 2 financial years for each relevant Subsidiary and the relevant Existing Guarantor was carried out on the following basis:
 - (1) if the determination was made before 30 June in any calendar year, the determination was made based on year end audited consolidated financial statements established in accordance with IFRS of

each relevant Subsidiary and the relevant Existing Guarantor, respectively, and

(2) if the determination was made after 30 June in any calendar year, the determination was made based on the semi-annual interim audited consolidated financial statements established in accordance with IFRS of each relevant Subsidiary and the relevant Existing Guarantor, respectively; and

(E) if the relevant Subsidiary or Subsidiaries become a New Guarantor after the Existing Guarantor has been released pursuant to Condition (e) (*Release of Guarantors*) above, the determination of the average EBITDA for the last 2 financial years for each relevant Subsidiary and the relevant Existing Guarantor was carried out based on two last year end audited consolidated financial statements established in accordance with IFRS of each relevant Subsidiary for the two financial years immediately preceding the date on which the relevant Subsidiary would become a New Guarantor and on the year end audited consolidated financial statements established in accordance with IFRS of the relevant Existing Guarantor, for the two financial years immediately preceding the date on which the relevant Existing Guarantor was released pursuant to Condition 1(e) (*Release of Guarantors*) above.

(g) *Notice of Change of Guarantors*: Notice of any release of an Existing Guarantor pursuant to Condition 1(e) (*Release of Guarantors*), or addition of a New Guarantor pursuant to Condition 1(f) (*New Guarantors*) shall be given by the Issuer to the Bondholders in accordance with Condition 15 (*Notices*) as soon as practicable and, in any event, within 30 calendar days of the release of the Existing Guarantor.

2. **Definitions**

In these Conditions:

"**acting in concert**" means two or more persons who have entered into an agreement known by the Parent containing a joint policy in respect of the acquisition or the sale of shares of the Parent. Furthermore (i) a company, its controlling company and its respective controlled and jointly controlled companies are deemed to be acting together and (ii) unless proven otherwise, a company and its directors are deemed to be acting together;

"**Bondholder**" means the holder from time to time of a Bond as determined by reference to the records of the relevant clearing systems or financial intermediaries and the affidavits referred to in Condition 1 (*Form, Denomination, Status and Guarantee of the Bonds*);

"**Brussels business day**" means any day on which commercial banks are open for general business (including dealing in foreign currencies) in Brussels;

"**business day**" means a day (other than a Saturday or Sunday) on which banks are open for business in Brussels, London, Amsterdam and Luxembourg;

"**Calculation Agent**" means ING Belgium NV/SA or such other leading investment, merchant or commercial bank as may be appointed from time to time by the Issuer for purposes of calculating the Put Redemption Amount, and notified to the Bondholders in accordance with Condition 15 (*Notices*);

"**Calculation Amount**" means EUR 1,000;

"**Cash** " means, as at the end of any Relevant Period, the sum of the following line items in the explanatory notes to the consolidated financial statements of the Parent (Note 23 in the Annual Report or equivalent - Capital risk):

Line item:

Current financial assets

Cash and cash equivalents

"**Change of Control**" shall be deemed to have occurred if any person or group of persons acting in concert gains control of the Parent;

"**Change of Control Period**" shall commence on the date of the Change of Control, and shall end 90 days after the date of the Change of Control (which period shall be extended following a Change of Control for so long as any Rating Agency has publicly announced within the period ending 90 days after the Change of Control that it is considering a possible Rating Downgrade, **provided that** the Change of Control Period shall not extend more than 90 days after the public announcement of such consideration);

"**control**" means (i) the acquisition or the holding of more than 50 per cent. of the voting rights in the Parent, (ii) the right to nominate, pursuant to the articles of association or pursuant to agreements known by the Parent, the majority of the directors of the Parent or (iii) the acquisition or the holding of a number of voting rights, even if such number is less than 50 per cent. of the existing voting rights in the Parent, if such acquisition or holding has resulted in a mandatory public offer over the whole of the outstanding shares of the Parent;

"**Compliance Certificate** " means a certificate from the Parent, signed by two persons having received the requisite powers from the board of directors of the Parent, setting out (in reasonable detail) computations indicating the ratio Net Financial Debt to EBITDA as at the date as at which the financial statements to which such compliance certificate relates were drawn up;

"**Day Count Fraction**" means, in respect of any period, the actual number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls;

"**EBITDA**" shall be calculated for the Relevant Period by:

- (a) in connection with the definition of Material Subsidiary, reference to the sum of the following line items in the following relevant sections of the unconsolidated financial statements of the relevant Subsidiary, or
- (b) in connection with Condition 1(f) (*New Guarantors*), reference to the sum of the following line items in the following relevant sections of the consolidated financial statements of the relevant Subsidiary:

<u>Line item:</u>	<u>Location:</u>
Operating income before non recurring items	Income statement
Depreciation, amortisation and impairments (to the extent such items are included in the "Operating income before non-recurring items")	Explanatory notes to the consolidated (in connection with Condition 1(f) (<i>New Guarantors</i>)) / unconsolidated (in connection with the definition for Material Subsidiary) financial statements (note dealing with cash flow statement details – depreciation, amortisation, and impairment losses).

adjusted on a pro forma basis to reflect the contribution of any business or asset acquired on a full year's basis;

- (c) in connection with any Compliance Certificate, reference to the sum of the following line items in the following relevant sections of the Parent's consolidated financial statements:

<u>Line item:</u>	<u>Location:</u>
Operating income before non recurring items	Consolidated income statement
Depreciation, amortisation and impairments (to the extent such items are included in the "Operating income before non-recurring items")	Explanatory notes to the consolidated financial statements (Note 26(a) dealing with cash flow statement details – depreciation, amortisation, and impairment losses).

adjusted on a pro forma basis to reflect the contribution of any business or asset acquired on a full year's basis;

"**Eligible Investor**" means a person who is entitled to hold securities through a so-called "**X-account**" (being an account exempted from withholding tax) in a settlement system in accordance with Article 4 of the Belgian Royal Decree of 26 May 1994 on the collection and refund of withholding tax (as amended or replaced from time to time);

"Extraordinary Resolution" means a resolution passed at a meeting of Bondholders duly convened and held in accordance with the Trust Deed by a majority of not less than three quarters of the votes cast;

"Financial Condition Step-Down Change" means following a Financial Condition Step-Up Change, the circumstance where it appears from a Compliance Certificate delivered pursuant to Condition 9 (*Financial Statements and Compliance Certificate*) that the Net Financial Debt to EBITDA Ratio for the Relevant Period has been complied with.

"Financial Condition Step-Up Change" means the circumstance where it appears from a Compliance Certificate delivered pursuant to Condition 9 (*Financial Statements and Compliance Certificate*) that the Net Financial Debt to EBITDA Ratio for the Relevant Period has not been complied with.

"Financial Indebtedness" mean as at the end of any Relevant Period, the sum of the following line items in the explanatory notes to the consolidated financial statements of the Parent (Note 23 in the Annual Report or equivalent - Capital risk);

Line item:

Non-current loans and borrowings

Current portion of loans and borrowings

adjusted to reflect:

- (a) the non-amortised portion of the upfront fees deducted from such loans at initial recognition;
- (b) the foreign currency difference at the balance sheet date arising from the difference between the debt converted at the exchange rate at the date of inception of cross-currency swaps and the debt converted at the exchange rate at the reporting date, in so far as that debt is matched by such cross-currency swaps;
- (c) the amount of any redeemable preference shares as referred to in the explanatory notes to the consolidated financial statements of the Parent (Note 16.1.C. Funding and long term liquidity risk);
- (d) the deduction of any amount that has, in accordance with IFRS, been included in the above line items, which is attributable to the Lafarge Put Option; and
- (e) (if applicable following any change of GAAP after 5 August 2011) that the treatment of finance or capital leases shall be as under GAAP as at 5 August 2011.

"GAAP" means the generally accepted accounting principles, standards and practices in Belgium or, for its consolidated financial statements, IFRS;

"Group" means the Parent and its Subsidiaries for the time being;

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money or to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

"Guarantor Release Step-Up Change" means each occasion on which an Existing Guarantor ceases to be a Guarantor pursuant to Condition 1(e) (*Release of Guarantors*) and on which one or more New Guarantors is not appointed to replace such Existing Guarantor pursuant to Condition 1(f) (*New Guarantors*);

"Guarantor Accession Step-Down Change" means, at any time following a Guarantor Release Step-Up Change, the occurrence of a New Guarantor Accession;

"IFRS" means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements;

"Indebtedness" means any indebtedness (other than trade credit incurred in the ordinary course of trading) for or in respect of:

- (a) moneys borrowed;
- (b) amounts raised by acceptance under any acceptance credit facility;
- (c) amounts raised under any note purchase facility;
- (d) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (e) receivables sold, assigned or discounted (other than any receivables to the extent they are sold, assigned or discounted on a non-recourse basis); and
- (f) amounts raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Interest Period" means each period commencing on (and including) and Interest Payment Date (or, in respect of the first such period, the Issue Date) to (and excluding) the next Interest Payment Date;

"Lafarge Put Option" means the put option in respect of the minority interest held by Lafarge S.A. (and/or any of its subsidiaries) in Siniat SAS;

"Material Subsidiary" means (i) each member of the Group, but excluding the Issuer and each Guarantor, whose gross assets or EBITDA (in each case

calculated on an unconsolidated basis) represents three per cent. or more of the consolidated gross assets or EBITDA (as the case may be) of the Group (all as calculated by reference to the latest publicly available annual audited or semi-annual consolidated financial statements of the Parent available at the time of calculation) or (ii) a Subsidiary of the Parent to which has been transferred (whether in a single transaction or a series of transactions (whether related or not)) the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transaction was a Material Subsidiary;

"Net Financial Debt" means, as at the end of any Relevant Period, the aggregate amount of Financial Indebtedness of the Group outstanding at such time less the Cash of the Group;

"Net Financial Debt to EBITDA Ratio" means that the ratio of Net Financial Debt to EBITDA:

- (a) for each Relevant Period ending during the period from the Issue Date to and including 31 December 2013, shall not exceed 3.50:1.00;
- (b) for each Relevant Period ending during the period from 1 January 2014 to and including 31 December 2014, shall not exceed 3.25:1.00;
- (c) for each Relevant Period ending during the period from 1 January 2015 to and including 30 June 2015, shall not exceed 3.00:1.00; and
- (d) for each Relevant Period ending on and after 1 July 2015 until the Maturity Date (as defined below), shall not exceed 2.50:1.00.

"New Guarantor Accession" has the meaning given to such term in Condition 1(f);

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Put Option Period" means the period commencing on the date (the **"Period Commencement Date"**) of an Early Redemption Event and ending on the later of (i) 90 days following the Early Redemption Event or (ii) 90 days following the date on which a Put Event Notice is given to holders of Bonds as required by Condition 4(c)(ii);

"Put Redemption Amount" means an amount per Bond calculated by the Calculation Agent by multiplying the Redemption Rate by the Calculation Amount and, if necessary, rounding the resulting figure to the nearest cent (half a cent being rounded upwards), and by adding any accrued but unpaid interest of such Bond to (but excluding) the Put Settlement Date;

The Put Redemption Amount which is applicable in the case of an Early Redemption Event referred to under Condition 5(c) (Redemption at the option of the Bondholders following a Change of Control) will be the lesser of (i) 101% of the Calculation Amount or (ii) such percentage (higher than 100%) of the Calculation Amount, that would result in the gross actuarial yield of an investor

between the issue date and the redemption date in accordance with Condition 5(c) does not exceed the interest rate plus 0.75 points.

*This limitation is imposed by the "Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier" (Royal decree of 26 May 1994 on the deduction of withholding tax) (the "**Royal Decree**") in relation to bonds that can be traded on N-Accounts. The Put Redemption Amount resulting from this formula may be lower than the gross actuarial yield on the Issue Price as stated in the Prospectus.*

"Rated Securities" means the Bonds so long as they shall have a rating from any Rating Agency;

"Rating Agency" means Standard & Poor's Credit Market Services Europe Limited and its successors, Moody's Investor Service Ltd. and its successors and Fitch Ratings Ltd. and its successors or any other rating agency of comparable international standing registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as specified by the Trustee;

A **"Rating Downgrade"** shall be deemed to have occurred in relation to the Issuer, the Parent or the Rated Securities if the rating assigned 15 days prior to the Change of Control Period (the "**Applicable Time**") to the Issuer, the Parent or Rated Securities by a Rating Agency is (A) withdrawn (from having been an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being (an "**investment grade rating**") at the Applicable Time) (and is not within the Put Option Period reinstated to an investment grade rating by such Rating Agency) or reduced from an investment grade rating to a non-investment grade rating (BB+/Ba1 or their respective equivalents for the time being) (and is not within the Put Option Period upgraded to an investment grade rating by such Rating Agency), or (B) where a Rating Agency had at the Applicable Time rated the Issuer, the Parent or the Rated Securities below investment grade rating, lowered by such Rating Agency by one or more full rating categories (for example, from BB+/Ba1 to BB/Ba2 or such similar lowering) (and is not within the Put Option Period upgraded to its earlier credit rating or better by such Rating Agency) or is withdrawn (and is not within the Put Option Period reinstated to its earlier credit rating or better by such Rating Agency);

"Redemption Rate" means $\text{MIN}(101 \text{ per cent.}; 100 \text{ per cent.} \times \text{Exp}(T \times 0.74720148386 \text{ per cent.}))$, rounded down to the 9th decimal, where:

"Exp" means the exponential function meaning the function e^x , where e is the number (approximately 2.718) such that the function e^x equals its own derivative; and

"T" means the time, expressed in decimals of a year, elapsed from (and including) the Issue Date until (and including) the Put Settlement Date.

"Regular Period" means each period from (and including) the Issue Date (in the case of the first interest period) or any Interest Payment Date to (but excluding) the next Interest Payment Date;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Period**" means each period of 12 months ending on 30 June and 31 December;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Shareholder Approval Requirement**" means (i) the terms of Condition 5(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) below have been approved by the shareholders of the Parent in a general shareholders' meeting, and (ii) such resolution has been filed with the Clerk of the Commercial Court of Brussels (*griffie van de rechtbank van koophandel/greffe du tribunal de commerce*), and evidence of the filing of such resolution with the Clerk of the Commercial Court of Brussels (*griffie van de rechtbank van koophandel/greffe du tribunal de commerce*) has been provided to the Trustee by the Issuer (and the date on which the Shareholder Approval Requirement shall be satisfied shall be date on which the Trustee has received such evidence);

"**Step-Down Change**" means the satisfaction of the Shareholder Approval Requirement following the occurrence of a Step-Up Change;

"**Step-Up Change**" means a failure to meet the Shareholder Approval Requirement at any time after 31 December 2012;

"**Subsidiary**":

- (a) means in relation to the Parent and any company or corporation domiciled in Belgium, a subsidiary (*filiale/dochtervennootschap*) within the meaning of Article 6 of the Belgian Company Code; and
- (b) means in relation to any company or corporation which is not domiciled in Belgium (a "**holding company**"), a company or corporation:
 - (i) which is controlled, directly or indirectly, by the holding company;
 - (ii) more than half the issued voting share capital of which is beneficially owned, directly or indirectly, by the holding company; or
 - (iii) which is a subsidiary of another Subsidiary of the holding company,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to determine the composition of the majority of its board of directors or equivalent body or similarly directs its affairs; and

- (c) shall not include the Issuer or any Guarantor;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

3. **Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor any Guarantor shall, and the Issuer and each Guarantor shall procure that none of their respective Material Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of the Issuer, any Guarantor or any Material Subsidiary or to secure any Guarantee of Relevant Indebtedness of the Issuer, any Guarantor or any Material Subsidiary without either (a) at the same time or prior thereto securing the Bonds equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Bonds as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as may be approved by an Extraordinary Resolution of Bondholders.

The prohibition contained in this Condition 3 does not apply to any Security Interest either:

- (a) existing over undertakings, assets or revenues which are acquired by the Issuer, a Guarantor or Material Subsidiary, at the time of acquisition **provided that** such Security Interest was not created in contemplation of such acquisition and does not extend to other assets or property (other than such acquired assets or property), or
- (b) existing prior to an entity (whether or not a Subsidiary) becoming a Material Subsidiary **provided that** such Security Interest was not created in contemplation of such entity becoming a Material Subsidiary.

4. **Interest**

- (a) *Applicable Rate of Interest*: The Bonds bear interest from 27 September 2012 (the "**Issue Date**") at 5.00 per cent. per annum (the "**Standard Rate of Interest**") plus any applicable changes in the rate of interest as a result of:
 - (i) a Step-Up Change or Step-Down Change in accordance with Condition 4(b) (*Step-Up Change and Step-Down Change*);
 - (ii) a Guarantor Release Step-Up Change or a Guarantor Accession Step-Down Change in accordance with Condition 4(c) (*Guarantor Release Step-Up Change and Guarantor Accession Step-Down Change*); or

- (iii) a Financial Condition Step-Up Change or a Financial Condition Step-Down Change in accordance with Condition 4(d) (*Financial Condition Step-Up Change or Financial Condition Step-Down Change*),

(the Standard Rate of Interest together with any such changes, the "**Applicable Rate of Interest**").

Interest on the Bonds is payable in arrear on 31 March in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*).

- (b) *Step-Up Change and Step-Down Change*: The Standard Rate of Interest will be adjusted from time to time in the event of a Step-Up Change or a Step-Down Change, as follows:
 - (i) subject to paragraph (iii) below, in the event of a Step-Up Change, the Applicable Rate of Interest shall be increased by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest Payment Date following the date on which the Step-Up Change occurred;
 - (ii) subject to paragraph (iii) below, in the event of a Step-Down Change following a Step-Up Change, the Applicable Rate of Interest shall be decreased by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest Payment Date following the date on which the Step-Down Change occurred; and
 - (iii) if a Step-Up Change and, subsequently, a Step-Down Change occur before the same next Interest Payment Date, the Applicable Rate of Interest shall neither be increased nor decreased as a result of either such event.
- (c) *Guarantor Release Step-Up Change and Guarantor Accession Step-Down Change*: The Standard Rate of Interest will be adjusted from time to time in the event of a Guarantor Release Step-Up Change or a Guarantor Accession Step-Down Change, as follows
 - (i) subject to paragraph (iii) below, in the event of a Guarantor Release Step-Up Change, the Applicable Rate of Interest shall be increased by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest Payment Date following the date on which the Guarantor Release Step-Up Change occurred;
 - (ii) subject to paragraph (iii) below, in the event of a Guarantor Accession Step-Down Change following a Guarantor Release Step-Up Change, the Applicable Rate of Interest shall be decreased by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest

Payment Date following the date on which the Guarantor Accession Step-Down Change occurred; and

(iii) if a Guarantor Release Step-Up Change and, subsequently, a Guarantor Accession Step-Down Change occur before the same next Interest Payment Date, the Applicable Rate of Interest shall neither be increased nor decreased as a result of either such event.

(d) *Financial Condition Step-Up Change and Financial Condition Step-Down Change* The Standard Rate of Interest will be adjusted from time to time in the event of a Financial Condition Step-Up Change or a Financial Condition Step-Down Change, as follows:

(i) subject to paragraph (iii) below, in the event of a Financial Condition Step-Up Change, the Applicable Rate of Interest shall be increased by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest Payment Date following the date on which the Financial Condition Step-Up Change occurred;

(ii) subject to paragraph (iii) below, in the event of a Financial Condition Step-Down Change following a Financial Condition Step-Up Change, the Applicable Rate of Interest shall be decreased by 0.50 per cent. per annum with effect from and including the Interest Period commencing on the first Interest Payment Date following the date on which the Financial Condition Step-Down Change occurred; and

(iii) if a Financial Condition Step-Up Change and, subsequently, a Financial Condition Step-Down Change occur before the same next Interest Payment Date, the Applicable Rate of Interest shall neither be increased nor decreased as a result of either such event,

no Financial Condition Step-Up Change will occur and the Applicable Rate of Interest will not be increased if the Applicable Rate of Interest has already been increased pursuant to Condition 4(d)(i) and has not in the meanwhile been decreased pursuant to Condition 4(d)(ii).

(e) *Accrual of Interest*: Each Bond shall cease to bear interest from the due date for redemption unless payment of principal is improperly withheld or refused, in which case it will continue to bear interest at the Applicable Rate of Interest which is applicable on the relevant due date for redemption (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day on which the Agent or the Trustee has received all sums due in respect of the Bonds.

The amount of interest payable on the first Interest Payment Date shall be EUR 25.34 in respect of each Bond. The amount of interest payable on any other Interest Payment Date shall be EUR 50 in respect of each

Bond, subject to any increase (or subsequent decrease) of the Applicable Rate of Interest in accordance with this Condition 4).

If interest is required to be paid in respect of a Bond on any other date, it shall be calculated by applying the Applicable Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

- (f) *Notices*: The Issuer will cause the occurrence of an increase or decrease in the Applicable Rate of Interest in accordance with this Condition 4 to be notified to the Trustee, the Principal Paying Agent and (in accordance with Condition 15 (*Notices*)) the Bondholders in no event later than the tenth Brussels business day before the beginning of the next Interest Period.

5. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled (as provided below), the Bonds will be redeemed at their principal amount on 31 March 2017, subject as provided in Condition 6 (*Payments*) (the "**Maturity Date**").
- (b) *Redemption for tax reasons*: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee by provision of the opinion detailed in (B) below that:
 - (i) (a) the Issuer has or will become obliged to pay additional amounts on the next Interest Payment Date as provided or referred to in Condition 7 (*Taxation*) or (b) any Guarantor would be unable for reasons outside of its control to procure any such payment to be made to the Issuer and in making the payment itself would be required to pay such additional amounts as a result of any change in, or amendment to, the laws or regulations of Belgium, the Netherlands, Luxembourg, the United Kingdom, Chile, or of any other jurisdictions in which a Guarantor is incorporated or established or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 3 September 2012; and
 - (ii) such obligation cannot be avoided by the Issuer, or as the case may be, the relevant Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the relevant Guarantor would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee:

- (A) a certificate signed by two directors of the Issuer or, as the case may be, the relevant Guarantor stating that the circumstances referred to in (i) and (ii) above apply on the next Interest Payment Date and setting out details of such circumstances; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the relevant Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Bondholders.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 5(b).

- (c) Redemption at the option of Bondholders following a Change of Control:
 - (i) If
 - (A) a Change of Control occurs and at the time either the Issuer or the Parent is rated or there are Rated Securities and, within the Change of Control Period, a Rating Downgrade resulting from that Change of Control occurs; or
 - (B) a Change of Control occurs and at the time neither the Issuer nor the Parent is rated and there are no Rated Securities,

(each an "**Early Redemption Event**"), then:

the holder of each Bond will have the option to require the Issuer to redeem all or any part of their Bonds on the Put Settlement Date at the Put Redemption Amount.

- (ii) If an Early Redemption Event occurs, promptly upon and in any event within 10 business days of the date of the occurrence of the Early Redemption Event, the Issuer shall, or each Guarantor shall cause the Issuer to, give notice (a "**Put Event Notice**") to the Bondholders in accordance with Condition 15 (*Notices*) specifying the nature of the Early Redemption Event and the

procedure for exercising the option contained in this Condition 5(c) with a copy to the Trustee who shall be entitled to accept such notice as sufficient evidence of the occurrence of an Early Redemption Event.

- (iii) In order to exercise the option contained in this Condition 5(c), the holder of a Bond must, not less than 30 nor more than 60 days before the relevant Put Settlement Date, transfer to the Agent such Bond and deliver to the Agent a duly completed put option notice (a "**Put Option Notice**") in the form obtainable from the Agent. No Bond, once transferred with a duly completed Put Option Notice in accordance with this Condition 5(c), may be withdrawn; **provided, however, that** if, prior to the relevant Put Settlement Date, any such Bond becomes immediately due and payable or, on the due date, payment of the redemption moneys are improperly withheld or refused, the Agent shall mail notification thereof to the transferring Bondholder at such address as may have been given by such Bondholder in the relevant Put Option Notice and shall upon request transfer such Bond back to such Bondholder. For so long as any outstanding Bond is held by the Agent in accordance with this Condition 5(c), the transferor of such Bond and not the Agent shall be deemed to be the holder of such Bond for all purposes.
 - (iv) The Issuer shall redeem any Bond so transferred on the 14th business day after the last day of the Put Option Period (the "**Put Settlement Date**") at the Put Redemption Amount, unless previously redeemed or purchased. Payment in respect of any relevant Bond will be made to the euro bank account mentioned in the Put Option Notice as the account to which payment is to be made, on the 14th business day (or the first TARGET Settlement Date thereafter, if such business day is not a TARGET Settlement Date) after the last day of the Put Option Period.
 - (v) If, as a result of this Condition 5(c), Bondholders submit Put Option Notices in respect of at least 85 per cent. of the aggregate principal amount of the Bonds for the time being outstanding, the Issuer may, within 15 business days of the end of the Put Option Period, by giving not less than 15 nor more than 30 days' notice to the Bondholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Bonds then outstanding at the Put Redemption Amount. Payment in respect of any such Bond shall be made as specified above.
 - (vi) If the Put Settlement Date falls later than 5 business days prior to the Maturity Date neither the Issuer nor any of the Guarantors shall be obliged to send a Put Event Notice to the Bondholders.
- (d) *No other redemption:* The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs (a) (*Scheduled*

redemption) to (c) (*Redemption at the option of Bondholders following a Change of Control*) above.

- (e) *Purchase*: The Issuer, each Guarantor or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price.
- (f) *Cancellations*: Any Bond which is (a) redeemed by the Issuer or (b) purchased by the Issuer, any Guarantor or any of their respective Subsidiaries may, at their option, be cancelled and accordingly may not thereafter be held, reissued or resold.

6. **Payments**

- (a) *Principal and Interest*: Payments of principal, interest and other sums due under the Bonds will be made in accordance with the rules of the NBB System through the NBB, and any payment so made will constitute good discharge for the Issuer. The payment obligations of the Issuer under the Bonds will be discharged by payment to the Agent in respect of each amount so paid.
- (b) *Payments subject to fiscal laws*: All payments in respect of the Bonds are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment (without prejudice to the provisions of Condition 7 (*Taxation*)). No commissions or expenses shall be charged to the Bondholders in respect of such payments.
- (c) *Payments on business days*: If the due date for payment of any amount in respect of any Bond is not a Target Settlement Day the holder shall not be entitled to payment of the amount due until the next succeeding Target Settlement Day and shall not be entitled to any further interest or other payment in respect of any such delay.

7. **Taxation**

All payments of principal and interest in respect of the Bonds by or on behalf of the Issuer or any Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of Belgium, the Netherlands, Luxembourg, the United Kingdom or Chile or of any other jurisdiction in which a Guarantor is incorporated or established or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event the Issuer or (as the case may be) the relevant Guarantor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) held by a holder of a Bond which is liable to Taxes in respect of such Bond by reason of its having some connection with the jurisdiction by which such Taxes have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (c) held by a holder of a Bond who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another paying agent of the Issuer in a member state of the European Union; or
- (d) where such withholding or deduction is imposed because the holder of the Bonds is not an Eligible Investor (unless that person was an Eligible Investor at the time of its acquisition of the relevant Bond but has since ceased (as such term is defined from time to time under Belgian law) being an Eligible Investor by reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof or by reason of another change which was outside that person's control), or is an Eligible Investor but is not holding the relevant Bond in an exempt securities account with a qualifying clearing system in accordance with the Belgian law of 6 August 1993 relating to transactions in certain securities and its implementation decrees; or
- (e) to a holder who is liable to such Taxes because the Bonds were converted into registered Bonds upon his/her request and could no longer be cleared through the NBB System.

If at any time the Issuer or any Guarantor becomes subject generally to any taxing jurisdiction other than Belgium, the Netherlands, Luxembourg, the United Kingdom or Chile respectively, references in these Conditions to Belgium, the Netherlands, Luxembourg, the United Kingdom or Chile or of the relevant jurisdiction in which any Guarantor is incorporated or established shall be construed as references to Belgium, the Netherlands, Luxembourg, the United Kingdom or Chile and/or such other jurisdiction.

8. **Events of Default**

If any of the following events occurs, then the Trustee at its discretion may and, if so requested in writing by holders of Bonds of at least one quarter of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified, prefunded and/or provided with security to its satisfaction) (but in the case of the occurrence of any of the events described in sub-paragraphs (b) (*Breach of other obligations*), and/or, as the case may be, (h) (*Failure to take action, etc.*) below or sub-paragraphs (e) (*Insolvency, etc.*) and/or, as the case may be, (g) (*Analogous event*) (in relation to an event analogous to sub-paragraph (e) only)

but only to the extent the Event of Default arising under such sub-paragraphs (e) and/or, as the case may be, (g) relate to any Material Subsidiary below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality (each, an "**Event of Default**"):

- (a) *Non-payment*: the Issuer and the Guarantors fail to pay any amount of principal or interest in respect of the Bonds on the due date for payment thereof and the default continues for a period of 5 business days; or
- (b) *Breach of other obligations*: the Issuer or any Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 20 business days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer and each Guarantor; or
- (c) *Cross-default of Issuer, Guarantors or Material Subsidiary*:
 - (i) any Indebtedness of the Issuer, any Guarantor or any of their respective Material Subsidiaries is not paid when due nor within any applicable grace period;
 - (ii) any such Indebtedness is declared to be or otherwise becomes due and payable prior to its stated maturity as a result of an event of default (howsoever described); or
 - (iii) the Issuer, any Guarantor or any of their respective Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds EUR 15,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Security enforced*: enforcement of any Security Interest over any assets of the Issuer, any Guarantor or any of their respective Material Subsidiaries where the Indebtedness secured by such Security Interest equals or exceeds EUR 15,000,000 (or its equivalent in any other currency or currencies) and the enforcement proceedings in relation to such Security Interest are not suspended or dismissed within 60 days; or
- (e) *Insolvency*: (i) the Issuer, any Guarantor or any of their respective Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, any

Guarantor or any of their respective Material Subsidiaries on the whole or substantially the whole of the undertaking, assets and revenues of the Issuer, any Guarantor or any of their respective Material Subsidiaries is appointed, or (iii) the Issuer, any Guarantor or any of their respective Material Subsidiaries takes any action for a general readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer, any Guarantor or any of their respective Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business; or

- (f) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any Guarantor, other than a solvent reorganisation of the Issuer or a solvent reorganisation of a Guarantor whereby the surviving entity is the Guarantor or becomes a Guarantor in accordance with Condition 1(f) (*New Guarantors*); or
- (g) *Analogous event*: any event occurs which under the laws of Belgium, the Netherlands, Luxembourg, England; Chile or any other jurisdiction from time to time in which a Guarantor is incorporated or established has an analogous effect to any of the events referred to in paragraphs (e) (*Insolvency*) to (f) (*Winding up, etc.*) above; or
- (h) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and any Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Bonds or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Belgium, the Netherlands, Luxembourg, England, Chile or any other jurisdiction from time to time in which a Guarantor is incorporated or established is not taken, fulfilled or done; or
- (i) *Unlawfulness*: it is or will become unlawful for the Issuer or any Guarantor to perform or comply with any of its material obligations (in the reasonable opinion of the Issuer or any Guarantor) under or in respect of the Bonds or the Trust Deed; or
- (j) *Guarantee not in force*: the Guarantee of the Bonds is not (or is claimed by any Guarantor not to be) in full force and effect in respect of any Guarantor (other than any Guarantor that has ceased to be a Guarantor in accordance with Conditions 1(e) to (g)); or
- (k) *Controlling shareholder*: the Issuer or any Guarantor (other than the Parent and any Guarantor that has ceased to be a Guarantor in accordance with Conditions 1(e) to (g)) ceases to be a Subsidiary of the Parent.

9. **Financial Statements and Compliance Certificate**

The Issuer shall supply to the Trustee:

- (a) as soon as the same become available, but in any event within 120 days after the end of each of the Parent's financial years, the Parent's unaudited consolidated financial statements for that financial year (including a statement detailing movements in cash); and
- (b) as soon as the same become available, but in any event within 90 days after the end of the first half of each of the Parent's financial years, the Parent's unaudited consolidated financial statements for that financial half year.

The Issuer shall supply to the Trustee, with each set of financial statements delivered pursuant to paragraph (a) or (b) of this Condition 9, a duly executed Compliance Certificate. Upon receipt of such Compliance Certificate (on which the Trustee may conclusively rely) the Trustee shall determine the Step-Up Margin applicable on the basis of such Compliance Certificate, and inform the Agent of the Step-Up Margin to be applied as from the next Interest Payment Date in accordance with Condition 4(d) (*Financial Condition Step-Up Margin*).

10. **Prescription**

Claims for principal or interest shall become void ten or five years, respectively, after their due date, unless application to a court of law for such payment has been initiated on or before such respective time.

11. **Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Bondholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, any Guarantor and any entity connected to the Issuer or any Guarantor without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence for individual holders of Bonds as a result of such holders of Bonds being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Bonds, the Agents act solely as agents of the Issuer, each Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders.

The initial Agents and their initial specified offices are listed below. The Issuer and each Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent, and additional or successor paying agents; **provided, however, that** the Issuer and each Guarantor shall at all times

maintain (a) a principal paying agent, (b) a paying agent in Brussels, (c) a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC and (d) a domiciliary agent whose credit ratings (long term) are rated at least A3, A- or equivalent by a Rating Agency (the "**Required Rating**").

If a rating downgrade occurs in relation to the Agent, causing a breach of the above requirement, the Issuer undertakes to replace the Agent with another Agent with the Required Rating. This replacement of an Agent shall occur at the latest on the last of the following dates: (A) 80 days after the announcement of the relevant rating downgrade(s) or (B) 10 days before the next Interest Payment Date after such announcement or, if there is no further Interest Payment Date, 10 days before the Maturity Date. If no financial institution (comparable to the Domiciliary Agent to be replaced) with the Required Rating exists, the Issuer undertakes to appoint a comparable institution with the highest possible rating.

Notice of any change in any of the Agents or in their specified offices shall promptly be given to the Bondholders.

12. **Meetings of Bondholders; Modification and Waiver;**

- (a) *Meetings of Bondholders:* The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions or the Trust Deed, in accordance with the rules of the Belgian Company Code (the "**Code**").

All meetings of Bondholders will be held in accordance with the provisions of Article 568 et seq. of the Code with respect to bondholders meetings, **provided however that** the Issuer shall promptly convene a meeting of Bondholders upon demand of the Trustee, and the Trustee shall so demand upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. Subject to the quorum and majority requirements set out in Article 574 of the Code, and if required thereunder subject to validation by the court of appeal, the meeting of Bondholders shall be entitled to exercise the powers set out in Article 568 of the Code and to modify or waive any provision of these Conditions, **provided however that** certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary

Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not.

Convening notices for meetings of Bondholders shall be made in accordance with Article 570 of the Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Moniteur Belge / Belgisch Staatsblad*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 15 (*Notices*).

In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. Resolutions of Bondholders will only be effective if such resolutions have been approved by the Issuer.

- (b) *Modification and waiver*: The Trustee may, without the consent of the Bondholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Bondholders and to any modification of the Bonds or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Bondholders as soon as practicable thereafter.

13. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Bonds, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of Bonds of at least one quarter of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified, prefunded and/or provided with security to its satisfaction.

No Bondholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound to do so, fails to do so and such failure is continuing.

14. **Further Issues**

The Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of bonds having the benefit of the Trust Deed.

15. **Notices**

Notices to the Bondholders shall be valid if delivered by or on behalf of the Issuer to the NBB for communication by it to the participants of the NBB System. Any such notice shall be deemed given on the date and at the time it is delivered to the NBB System. With respect to the Bonds admitted to listing and trading on a regulated market, any notices to Bondholders must also be published in accordance with the rules and regulations of such market and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

In addition to the above communications and publications, with respect to notices for meetings of Bondholders, convening notices for such meetings shall be made in accordance with Article 570 of the Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting, in the Belgian Official Gazette (*Moniteur belge – Belgisch Staatsblad*) and in a newspaper with national distribution.

16. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Bonds and the Trust Deed and any non-contractual obligations arising out of or in connection with the Bonds and the Trust Deed are governed by, and shall be construed in accordance with, English law except that Condition 1(a) (*Form, Denomination and Title*) and Condition 12(a) (*Meetings of Bondholders*) are governed by, and shall be construed in accordance with, Belgian law.
- (b) *Jurisdiction*: Each of the Issuer and each Guarantor has in the Trust Deed
 - (i) agreed for the benefit of the Trustee and the Bondholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Bonds (including any non-contractual obligation arising out of or in connection with the Bonds);
 - (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient;
 - (iii) designated a person in England to accept service of any process on its behalf. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Bondholders from taking proceedings related to a Dispute ("**Proceedings**") in any other courts

with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Bondholders may take concurrent Proceedings in any number of jurisdictions.

CLEARING

The Bonds will be accepted for clearance (settlement) through the NBB System under the ISIN number BE0002187533 and Common Code 082616543, and are accordingly subject to the NBB System Regulations.

The number of Bonds in circulation at any time is registered in the register of registered securities of the Issuer in the name of the NBB.

Access to the NBB System is available through those of its NBB System participants whose membership extends to securities such as the Bonds.

NBB System participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and Euroclear and Clearstream, Luxembourg. Accordingly, the Bonds will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Bonds are effected between NBB System participants in accordance with the rules and operating procedures of the NBB System. Transfers between investors are effected in accordance with the respective rules and operating procedures of the NBB System participants through which they hold their Bonds.

The Domiciliary Agent will perform the obligations of domiciliary agent set out in (i) the clearing services agreement that will be entered into on or about 3 September 2012 and entered into by the NBB, the Issuer and the Domiciliary Agent and (ii) the Agency Agreement.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the NBB System or its NBB System participants of their obligations under their respective rules and operating procedures.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds are expected to amount to EUR 394,300,000 (in the case of an aggregate principal amount of Bonds to be issued of EUR 400,000,000). The net proceeds will be applied by the Issuer towards the repayment (in part) of the EUR 450,000,000 Facility C commitment under the credit facility dated 5 August 2011, as amended on 7 October 2011 and 24 October 2011 with Banco Santander, S.A., Crédit Agricole Corporate and Investment Bank, Fortis Bank NV/SA, ING Belgium NV/SA, KBC Bank NV and Lloyds TSB Bank plc as mandated lead arrangers and bookrunners and, Fortis Bank NV/SA as agent as further described under section 10.1. of "*Description of the Issuer and the Group*" on page 119. As discussed in section 10.1 of this Prospectus, Facility C will be partially refinanced by the Bonds and the Schuldschein Loans (described in section 10.2 of this Prospectus). Proceeds of disposals of businesses (estimated amount of EUR 25,000,000) will also be used to refinance Facility. Any remaining amount will be used for the financing of future general corporate purposes.

DESCRIPTION OF THE ISSUER AND THE GROUP

1. GENERAL INFORMATION

Etexco is a limited liability company (*société anonyme/naamloze vennootschap*) incorporated and domiciled in Belgium with its registered offices at Tervurenlaan 361, 1150 Brussels (the "**Issuer**"). Its telephone number is +32 2 778 12 11. The Issuer is registered in the Belgian Crossroads Bank for Enterprises (registration number: 0860.004.176 RPM Brussels). Its Internet address is www.etexgroup.com.

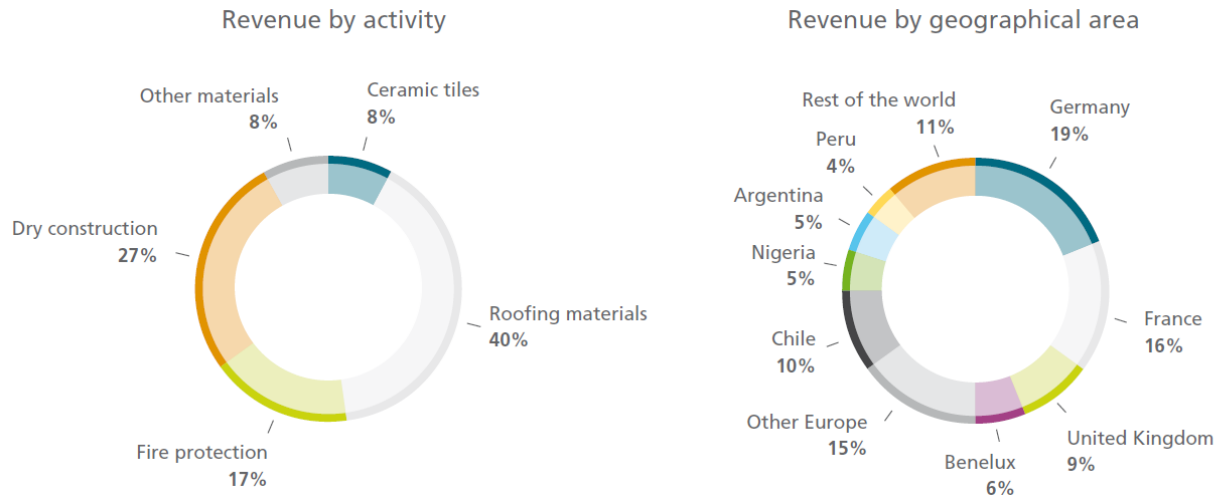
The Issuer is a direct subsidiary of Etex SA (formerly named Etex Group SA), a limited liability company (*société anonyme/naamloze vennootschap*) with registered offices at Tervurenlaan 361, 1150 Brussels ("**Etex SA**"). Etex SA is registered in the Belgian Crossroads Bank for Enterprises (registration number: 0400.454.404 RPM Brussels). Its Internet address is www.etexgroup.com.

The Issuer arranges the external debt financing of the Group (as defined below) through various contractual arrangements. Etex SA is the parent company of a number of direct and indirect subsidiaries (the "**Group**"). A list of subsidiaries and related information is included in note 29 to Etex SA's consolidated financial statements.

The Group is a manufacturer of building materials, active in 44 countries through manufacturing or trading activities and employing more than 17,000 people worldwide. In 2011, the Group reported consolidated sales and EBITDA of EUR 2,300,000,000 and EUR 291,000,000, respectively.

The Group's business is subdivided into four businesses: roofing (clay, concrete, fibre-cement), building boards (fibre-cement and plaster), passive fire protection and insulation, and ceramic tiles (in Latin-America). The Group's building materials are used across all segments of the construction sector: residential, office, industry and infrastructure. Over the years, the Group has geared its product portfolio towards growth segments such as renovation (Europe) and affordable housing (Africa, Asia, Latin America), where possible directing its focus to niche solutions with higher added value.

The following table sets forth, at the dates indicated, the Group's sales per activity and region:



In addition to Etex SA, the following companies are guarantors in respect of the Bonds (the "**Guarantors**"):

- Eternit NV (Belgium)
- E.M. Holdings UK Limited (England)
- Inversiones Etex Chile Limitada (Chile) ("**Etex Chile**")
- Merilux S.à.r.l. (Luxembourg)
- Nefibouw B.V. (the Netherlands)
- Promat International NV (Belgium) ("**Promat**")

Corporate purpose

The corporate purpose of Etex SA is as set out in article 3 of its articles of association. Etex SA has as its corporate purpose (i) participating in companies or undertakings (existing or to be created) by means of acquisition, subscription or other financial interventions, (ii) managing the investment portfolio created in this manner, (iii) providing technical, commercial or administrative assistance or other forms of assistance in order to promote these companies or undertakings, (iv) carrying out all investments in financial instruments, such as shares, bonds, sovereign bonds or real estate. Etex SA can carry out, in Belgium as well as abroad, any type of transaction relating to movable or immovable goods, financial transactions, industrial transaction, commercial transactions (or civil transactions) that can further its corporate purpose. Etex SA can change its corporate purpose in accordance with the provisions of the Belgian Company Code.

2. **HISTORY AND FORMATION**

The Group is a privately owned Belgian group that is one of the largest groups of industrial companies in Belgium. The Group was founded in 1905 by Alphonse Emsens who acquired a licence to manufacture fibre cement building products from an Austrian inventor, Mr. Hatschek. During the next 50 years, the Group expanded its fibre cement activities in Europe and in Latin America (in 1935) followed by Africa (in 1949) and Asia (in 1950). From the early 1950s, the Group began progressively to diversify its product portfolio by entering new markets: Vinyl Floor Coverings (in 1951), Plasterboard (in 1957), Concrete Roof Tiles (in 1972), Ceramic Tiles (in 1985) and Clay Roof Tiles (in 1988).

In the 1990s the Group acquired two other European Hatschek licensees, Eternit AG in Germany and Etex S.A. in France. Two other major milestones occurred in 1999 and 2003 respectively with the acquisition of Marley plc and the plastic business of Glynwed Plc, two UK listed companies whose industrial profile closely matched that of the Group and whose acquisition enabled the Group to considerably strengthen its position in roofing and plastic in Europe, North America, Australia, New Zealand and South Africa.

In 2003 the Plastic business was spun-off as an independent group that took the name of Aliaxis. Since 2003, the Group's management has systematically re-focused its activities through sales, acquisitions and greenfield investments on its four core businesses (roofing, boards, fire protection and ceramic tiles). Cross shareholdings remained between Aliaxis and the Group. However, over the years, Aliaxis has gradually sold all the shares it held in Group companies. In 2012, the Group sold all the shares it held in Aliaxis. The proceeds of the sale of the Aliaxis shares (EUR 72,400,000) were used to make a repayment under the Facilities Agreement.

The Group almost fully withdrew from PVC and textile flooring and decided not to pursue the aerated concrete blocks activity leading to the sale of Thermalite in the UK.

In November 2011, the Group acquired the European and Latin-American plasterboard activities of Lafarge Gypsum, which is one of the three leading plasterboard manufacturers in Europe. It employs around 3,300 people and operates 14 state-of-the-art plasterboard factories, as well as other production sites to manufacture related products such as metal studs or finishing plasters. This acquisition will allow the Group to become a major player in dry construction.

3. **KEY STRENGTHS AND STRATEGIES OF THE GROUP**

3.1 **Competitive strengths**

(a) **Leading market positions**

The Group displays strong competitive positions across its markets and products.

The Group has a leading position in the roofing market in Belgium, the UK, Ireland, Poland and Denmark, and specifically for corrugated sheets, in the

Netherlands and Spain. In those countries the Group companies are recognised by dealers, contractors and specifiers as strong and reliable suppliers.

In Latin America and some selected countries in Asia and Africa, the Group has strong market positions in roofing and board materials established through its presence for many decades in these regions. 41.5 per cent. of the Group's operating cash-flow is generated in emerging markets (countries outside Western Europe and North America other than Japan, Australia and New Zealand).

The Group has also been a pioneer in the marketing of building materials not merely products but as systems. For more than 50 years, the Group's passive fire protection and insulation business has used this approach to take leadership in most of the markets in which it is present. In recent years, this marketing approach has been successfully used in the cladding and board business.

(b) Attractive product mix

The Group has gradually aligned its product mix to markets which it deems are the most promising in terms of growth or margin. In Europe the building material markets are mature. Nevertheless, some sub-segments such as roofing and cladding, residential renovation and dry construction show continued progress in terms of volume and sales. The Group's recent investments in clay tiles (renovation) and plasterboard (dry construction) fit well within this approach: in mature markets, the Group seeks those sub-segments that represent a growth outpacing the rest of the market.

In Latin-America, Asia and Africa, the Group's fibre-cement and plasterboard activities have positioned it as a major supplier for affordable housing projects, which is one of the fastest growing market segments in these regions.

(c) Sound fundamentals through geographic and product diversification

The Group's portfolio diversification allows it to access all major segments of the building materials market (residential/non-residential, new-build/renovation). In addition, the Group is present across four continents in geographical markets with very diverse growth dynamics. Even in the most recent worldwide financial crisis, this double product and geographical diversification hedge caused peak to trough sales for the Group to be only -16 per cent. whereas peak to trough EBITDA was -29 per cent.

(d) Longstanding experience in emerging markets

The Group's presence in emerging markets goes back many decades. The first ventures of the Group in Latin-America were established in the 1930s whereas the Group's companies in Africa and Asia were established as far back as the 1940s. This longstanding presence gives the Group an understanding of the needs and preferences of the local markets that is second to none.

(e) Proprietary know-how

Over the years, the Group has developed proprietary know-how in key areas of its business such as fibre cement and CaSi (Calcium Silicate) technology. This know-how is partially protected by patents and the remainder is process know-

how which is very difficult to duplicate. The Group continues to invest in the further development of key competence areas such as coatings for cement substrates (UV catalysed paints), CaSi matrixes and related technologies.

(f) Experienced management team

The members of the Group's executive committee have an average of more than 20 years experience within the Group. In addition, many senior managers at company level have similar experience levels in their local markets.

(g) Track record of reducing leverage

While leverage has increased as a result of the conclusion of the Facilities Agreement, the Group has historically been able to generate free cash flow and reduce leverage in its balance sheet. This has been possible through its strong profitability and selective investments and disinvestments.

(h) Common IT platforms

For more than ten years, the Group has invested heavily in the development of a common ERP – IT platform. This system was first introduced in Europe where more than 90 per cent. of the Group's turnover is now handled through this common ERP system. The impact of the use of this common ERP platform on the businesses' operational excellence has clearly been material. It allowed the Group to exploit synergies in organisation (for example, through the set-up of Shared Service Centres) and in logistics (through routing and purchasing of transport). Similar integration efforts will be undertaken for the companies outside Europe even though the geographical spread of such companies makes an integration of logistics functions less likely. It is the Group's intention to cover 85 per cent. of its total turnover through this common platform by 2015.

3.2 **Strategy**

The Group achieves its success through a combination of being a local entrepreneur and by searching for synergies on a regional or worldwide scale enabled by collaboration between Group entities. These are the Group's main business value drivers. In addition, all Group affiliates share three common cultural values which are respect, loyalty and integrity. These are the main pillars of the Group's sustainable model for development and growth. On the basis of these values, the Group's management has developed a strategy which is articulated around five main priorities:

(a) Build an integrated approach for the Group's portfolio of businesses

The Group believes that building products markets are evolving from local and product driven markets to cross-regional and system-based markets. Hence, the Group has adapted its management structures in such a way so as to take this evolution into account.

(b) Invest in accelerated growth through innovation

Building material markets are very conservative by nature. Recently however, regulations (including regulations resulting from the European

Commission initiative "Energy 2020 – A strategy for competitive, sustainable and secure energy and market needs") have introduced a drive for innovative products and systems. The Group is committed to developing innovative building systems that respond to this new regulatory environment.

(c) Cultivate operational excellence to be best-in-class

The Group operates in an environment where volume and, even more so, profit depends on operational excellence and best-in-class performance compared to other competitors. System selling and innovation lead to higher margins, but as things stand, the success of the Group still depends on volume driven commodity sales. This means that the Group has to ensure through continuous improvement programs that it remains the lowest cost producer and the most efficient process handler.

(d) Leverage our competences by acting as one team

Throughout its history, the Group has differentiated itself as a lean and entrepreneur driven organisation. Over time however, as competition consolidated and the Group itself grew, the need for common approaches to markets, new products and systems became more obvious.

Over the past decade, the Group has selected production, logistics, sales and administrative processes which it deems are better organised at divisional or central level. The rationale behind this centralisation is, *inter alia*, the potential for internal benchmarking it provides. In recent years, shared competence centres have been put in place as well as common structures to improve sales efficiency.

(e) Nurture cultural excellence to further build on the potential of our people

Identifying and nurturing key employees and their organisations will become a main strategic priority. Several workflows have been put in place to address the issues resulting from this constraint.

3.3 **Environment, health and safety**

The Group considers that care for the environment, health and safety is a priority. The scope of the Group's interest covers all aspects of the occupational health and safety of its employees, relations with users, neighbours and the general public, as well as the Group's general environmental impact and use of energy and natural resources.

The majority of the Group companies have been awarded with the International Standards Organisation (ISO) 14001 standard for Environmental Management Systems. This international standard encompasses environmental policy, planning, implementation and operation, checking and corrective action, management review and continual improvement as its key phases. The Group is constantly pursuing projects to reduce waste, water and CO₂ emissions. In this respect, co-generation projects have been implemented which will lead to substantial CO₂ emission reductions and cost savings.

In addition, all Group plants report on factory air quality within the context of the centrally organised Workplace Air Monitoring Programme ("WAMP"). WAMP measures occupational exposure to dust (such as respirable silica and fibres). Where needed, measures are taken immediately to make sure that the production site complies with local legislation.

Moreover, since June 2007 an intensified focus on the reduction of accidents was installed with clear targets to reduce strongly the number of accidents and with as final target to end the year without any accident or occupational illness.

In September 2010, the Group's updated environmental policy was presented adding four additional targets: reducing the use of potable water, reducing energy consumption, lowering carbon dioxide emission levels and maximising the recycling of production waste.

In Belgium, the Group was confronted with criticism of third parties in respect of a particular dump site. The Group asked an independent third party to review, submitted its findings to the regulatory authority (OVAM) and committed to a full remediation. In order to mitigate these risks, the Group has asked an independent third party to review its other historic sites and report on compliance deficiencies so that it can remedy where necessary.

4. **BUSINESS OVERVIEW**

The Group's business is subdivided in four businesses: roofing (clay, concrete, fibre-cement), building boards (fibre-cement and plaster), passive fire protection and insulation and ceramic tiles (in Latin-America). This overview contains a separate section on Fibre-Cement Boards and Plaster Boards, both part of the building boards business.

The indications of market position in this section are based on assessments made by the Group based on the information available to it. While care has been taken to ensure the accuracy of these indications, no absolute certainty can be given.

4.1 **Fibre Cement Boards**

This activity represented 14 per cent. of Group's sales in 2011 Sales.

(a) **Products and markets**

The Group is a specialist in the production of fibre cement boards. Due to the light weight of the boards, their workability and technical properties, building and decorative boards give an appropriate answer to several specific requirements of the building and civil engineering sectors.

Fibre Cement Boards can be subdivided into three types of applications:

- Fibre Cement Building Boards, used in a variety of applications such as the external wall of residential and commercial buildings, partitions, exterior and interior ceilings, etc.;
- Façade Boards in Fibre Cement – these are high value-added products which are used in a variety of applications such as the external wall cladding of residential and commercial buildings;

- Fibre Cement Sidings (wood imitation) used for façade applications.

(b) Competitive Position

In Europe, the Group has niche positions in the Fibre Cement Boards and Façade Board markets. For both business segments, the Group achieved substantial growth between 2006 and 2011. In addition, the Group created the market for Fibre Cement Sidings (wood imitation) in Europe, in particular in the Benelux, the UK, France and Denmark.

The Group will seek to further expand its markets for these products in the coming years.

The Group leads the market for Fibre Cement Boards in Latin America (except Brazil), and is also market leader in Nigeria. In the very fragmented Asian markets, the Group has a strong market presence in Indonesia and China and exports to several countries in the region.

(c) Distribution

In Europe, sales of Fibre Cement flat sheets are generated by directly employed sales forces which focus on generating orders through specifiers (e.g. architects, large installers). Distribution is made through specialist merchants. Part of the flat sheet sales are made to OEM to be built in applications such as portable container offices.

In the Latin American markets, Fibre Cement Boards are principally marketed to specifiers, building companies and end-users, using either a dedicated sales force or independent sales agents. These products are mostly sold to distributors specialising in dry construction, builder merchants, DIY home centres, and installers.

4.2 Plaster Boards

This activity represented 9.8 per cent. of Group's sales in 2011 Sales.

In 2011, the Group acquired the Lafarge Gypsum European Activities ("**Etex DryCo**", now renamed "**Siniat**") and Latin America Gypsum Activities, which were already held in joint venture with Lafarge ("**LAGA**"). Siniat and LAGA are leading suppliers of gypsum building products and systems in Europe and Latin America, with strong positions across most of their product range and markets. The European operations of Siniat and LAGA cover both Western Europe and Eastern Europe. In Latin-America, their operations cover the entire subcontinent.

(a) Products

Siniat and LAGA manufacture and market a comprehensive range of value-added and innovative products, systems and solutions including:

- A full range of plasterboard systems including supporting elements in ready-to-use solutions for building applications, which comprises:

- standard and technical plasterboards;
- a broad range of metal studs and accessories;
- a full range of compounds such as jointing (setting or ready-mix), bonding and finishing compounds; and
- a variety of plasters such as building plaster, industrial plaster and skimming plaster.
- Other complementary products such as insulation products, ceiling tiles, floor screeds, anhydrite binders, stucco, gypsum blocks, coves, gypsum for agriculture and wood-wool boards.

(b) **Competitive Position**

Siniat has a well established presence in France, the United Kingdom, Germany, Italy and the Netherlands. It has a permanent flow of exports to other Western European countries such as Austria, Switzerland and Scandinavian countries. Siniat has also built a strong position in Eastern European markets such as Poland, Romania and the Ukraine. LAGA has a strong position in Brazil, Argentina, Chile and Colombia with industrial presence in all four countries. LAGA is also present in Peru, Ecuador, Venezuela, Central America and the Caribbean, through exports. In those countries plasterboards are not yet locally produced. LAGA companies have also built strong synergies in Latin America between the Plaster Boards operations and Fibre Cement building boards. Both of these products address the needs of the dry construction systems and are sold to the same distribution network. The most advanced model of integration is Colombia where both activities are run by the same sales organization. At country level, LAGA has strong market positions in Argentina, Colombia, Brazil and Chile.

(c) **Distribution**

Siniat enjoys strong commercial relationships with virtually all of Europe's significant building material distribution networks. Typically, a limited number of distributors concentrate the vast majority of sales across European countries. However, the distribution market is organised on a national or even regional basis where distributors are buying from plasterboard and gypsum product manufacturers. For large building projects, the company's products and systems are delivered directly to worksites. Distribution networks channel is the complementary route for smaller sized projects and lower scale construction contractors. LAGA enjoys strong commercial relationships with all significant building material distribution networks.

4.3 **Roofing**

This activity represented 39.00 per cent. of the Group's Sales in 2011.

Over the years the Group has developed and diversified its range of roofing materials with the aim to continuously improve their durability and their technical and aesthetic properties.

(a) Products and Markets

The Roofing Business covers the following products and markets:

- Small Roofing Elements ("**SRE**") (Fibre Cement slates, concrete tiles, clay tiles and natural slates). These are used principally in residential and commercial roofing applications; clay tiles and natural slates are only offered in Europe.
- Large Roofing Elements ("**LRE**") (Fibre Cement corrugated sheets and metal corrugated sheets). These are used mostly in industrial and agricultural roofing applications in Europe, and also for residential construction in non-European markets.

(b) Competitive Position

Europe

The Group is a major player in the European SRE market and is the only company in Europe offering the complete range of Small Roofing Elements (Concrete Tiles, Slates and Clay Tiles).

The Group has a strong leadership position in Fibre Cement Slates throughout the regions of Europe where this material is used for roof coverings. Countries with a strong slate tradition are Ireland, the UK, Belgium, Germany, France and Poland.

- In Clay Tiles, the Group is present in, amongst others, Germany, Poland, the UK, Austria, Hungary, Slovenia and Portugal.
- In Concrete Tiles, the Group is present in Belgium, Germany, Poland and the UK.
- In the LRE segment, the Group is the number one producer of Fibre Cement Corrugated Sheets in Europe. It sells this product throughout most of the countries in which it is present.

Latin America

In Latin America, the Group is the market leader in Fibre Cement roofing products in Peru, Chile and Argentina with only local competition from other Fibre Cement producers. The Group is also in a strong second position in Colombia. Fibre Cement's share of the overall Large Roofing Elements market is smaller in Argentina, Peru, Chile and Colombia. In all of these markets, metal roofing products represent the main competitors.

In the SRE market, the Group is leader in concrete tiles in Chile and in Argentina.

Rest of the world

In Africa, the Group is a market leader in Fibre Cement Corrugated Sheets in Nigeria, in a market where metal roofs are still the preferred solution. In the SRE Market, the Group is a strong second in South Africa.

(c) **Distribution**

In most European markets, sales for SRE are generated by directly employed sales people who focus on generating orders through specifiers (e.g. architects, large house builders) for new construction projects. Small new-build projects and the refurbishment market are serviced by targeting builders' merchants, specialist roofing merchants and roofing contractors.

In Europe, LRE are mainly used in the agricultural market, both in new build and renovation applications, with indirect distribution through distributors and building contractors. In many construction projects, the product is often delivered directly to the building site, even where the sale is made via a merchant or distributor, since the cost of intermediate handling and stockholding is prohibitive.

In some sectors, the structure of the market determines the distribution channel. For example in the UK agricultural market, some sales are made directly to builders who design and build farm buildings to specification. Also in the UK, major roofing contractors are important customers.

In Latin American markets, products are principally marketed to specifiers and other decision makers, using either a dedicated sales force or independent sales agents, who also service the diverse network of sales outlets. Sales are made mainly through authorised distributors and builders' merchants, while the share of DIY home centres is growing.

4.4 Fire Protection

This activity represented 16.4 per cent. of the Group's sales in 2011.

Based on advanced technological know-how acquired over more than 40 years, the Group manufactures systems for passive fire protection and high performance insulation that meet the most stringent requirements in fire safety legislation. Boards, sprays and intumescent products are used to build passive fire protection systems and insulation systems.

(a) **Products and Markets**

Promat is the Fire Protection and High Performance Insulation (HPI) business of the Group. It sells a broad range of products and systems for all types of Passive Fire Protection applications, including: protection for cable and ventilation ducts, compartments for walls, floors and ceilings, protection around steel frameworks, high performance insulation for industrial use and chemical fire, protection in passenger and cargo vessels and tunnel protection. The HPI business caters to the needs of suppliers of equipment for furnaces, ovens, smelters, etc. More recently, the focus for the HPI business has shifted to high performance rather than high

temperature on the basis of the insight that high temperature insulators by essence require high performance insulation capacities which can often be used at lower temperatures. The acquisition of Microtherm in 2010 is an example of this development. Microtherm is a leading producer of low- to high-temperature insulation materials based on microporous silica. These materials are used in applications requiring high insulation performances over a short distance. They are used in the most modern domestic appliances, fuel-cells, etc.

Promat Passive Fire Protection products are well established in Europe, with Germany, France and Benelux being the major geographical areas of business.

(b) **Competitive Environment**

Promat is a leading player in Passive Fire Protection and covers nearly all applications and segments of its market.

Promat's market shares are protected by significant barriers to entry, which includes:

- overall marketing investment, focused on general brand awareness, customer relationship management and after sales service
- the requirement for qualification on the basis of test reports obtained on a country per country basis (Promat owns over 4,000 test reports)
- the need for continuous investments in application-driven research and development and production lines (mainly for thick boards).

(c) **Distribution**

Promat's main end-use customers are specialised contractors, such as dry liners, plumbing contractors and carpenters. Promat also sells its boards and some other products to industrial OEMs (Original Equipment Manufacturers), who use the Promat products to manufacture specific fire protection applications, such as fire proof doors and fire dampers.

Promat products are mostly sold through distributors, such as building merchants and specialised distributors.

4.5 **Ceramic**

This activity represented 8.1 per cent. of Group's sales in 2011 Sales.

(a) **Products and Markets**

Several Group companies in Latin and North America (Mexico) produce and market floor and wall coverings. Due to their specific properties and their aesthetic appearance, floor and wall coverings are used in numerous applications, in residential and non-residential buildings.

(b) **Competitive Environment**

In Ceramic, the Group is the market leader in both Chile and Argentina, and the number two player in Peru. The Group is also present in Mexico (serving both

Mexico and California) and in Colombia. Two significant investments are currently ongoing in Colombia (production started in April 2012) and Peru (start-up in July 2012). Cheap imports from China and Mexico are also sold in the Chilean market.

(c) **Distribution**

In the majority of markets, sales are made by directly employed sales forces organised on a geographical basis, with some multi-product, independent salesmen operating in larger or less developed markets. Sales efforts for large commercial and residential projects focus on specifiers and contractors, with merchants and other wholesalers and distributors visited at the point of sale to ensure maximum availability of the products.

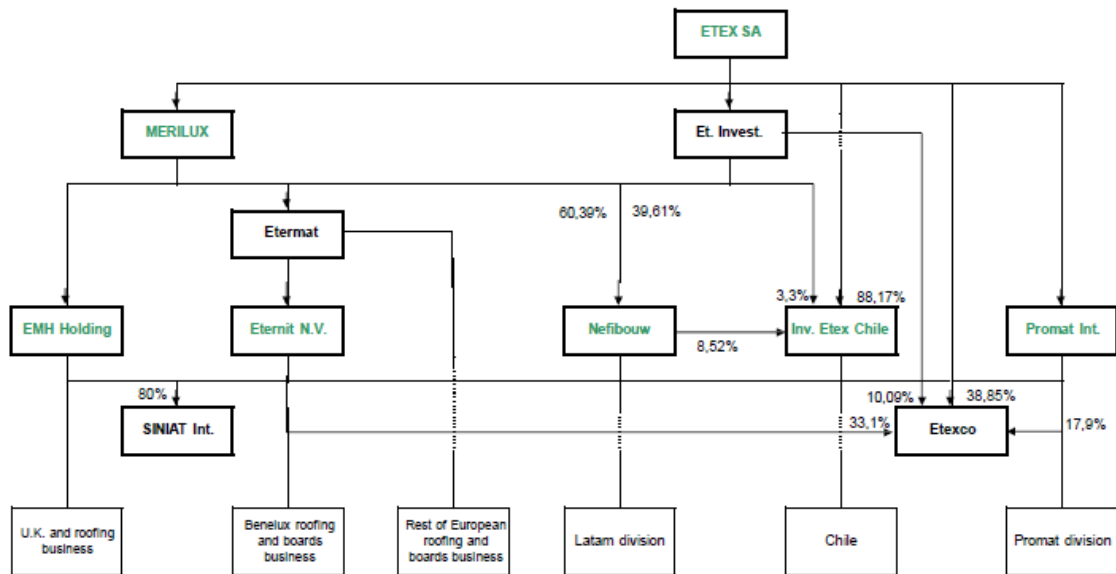
4.6 **Others**

The Group retains small operations in PVC in Chile, France and Nigeria and textile in Chile).

5. **CORPORATE STRUCTURE**

The following is a simplified chart, showing the corporate structure of the group. The Guarantors are marked in green on the chart.

Simplified Group structure as at 30 June 2012



6. **TREND INFORMATION**

There has been no material adverse change in the prospects of the Issuer and the Group since the date of their last published financial statements. These last published financial statements are (a) the audited financial unconsolidated statements of the Issuer for the year ended 31 December 2011 and (b) the audited consolidated financial statements of the Group for the year ended 31 December 2011.

The key figures for the first semester of 2012, in which respect please refer to section 9.5 below, reflect an evolution of revenues and cash flow in the first half of the year that is significantly influenced by the acquisition of the European Lafarge gypsum division. On a like-for-like basis, there is an increase in revenues and cash flow of respectively 5.1% and 5.2%. Etex had a strong first quarter whereas some signs of slowdown in Europe appeared as from the second quarter. The net profit includes the gain on disposal of the Aliaxis shares (EUR 36,300,000). The increase in working capital and net financial debt reflect the normal business seasonality. This assessment is based on unaudited financial information, and there is no guarantee that the performance of the group will be similar in the second semester of 2012.

Reference is made to the discussion of the recent Turin court case under section 9.6 of "*Description of the Issuer and the Group*" on page 117.

7. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

7.1 Etex SA

(a) General

The Group structure and its processes are designed to enhance the Group's business performance, while managing its risks and exercising sufficient control. Etex SA has adopted a corporate governance charter, reflecting the principle of good corporate governance to which the Group is committed (the "**Corporate Governance Charter**"). The latest version of the Corporate Governance Charter is dated May 2011. In this section of the Prospectus, the main elements of the Corporate Governance Charter of Etex SA are described.

(b) Board of Directors

(i) Role of the Board of Directors

The Board of Directors has the power to perform all acts that are necessary or useful to realise the corporate purpose of Etex SA, except for those powers reserved by law for the shareholders.

The Board of Directors determines the Group's overall strategy, decides major investments and monitors the Group's affairs. Etex SA's Board of Directors meets at least four times a year and at any other time if necessary. Members of the Executive Committee are invited by the Chief Executive Officer to attend board meetings without voting rights. The purpose is to facilitate good information of the Board by members in charge of their respective Divisions or activities.

(ii) Composition of the Board of Directors

The board of Etex SA has 11 members with their business address at 361 avenue de Tervueren, 1150 Brussels, Belgium. The following directors have been appointed by the shareholders' meeting of Etex SA.

Jean-Louis de Cartier de Marchienne

Jean-Louis de Cartier de Marchienne has been a director of Etex since 1997. He became Chairman of the Board of Etex in 2006. He started his career in agriculture and still manages an agricultural business in Belgium. Since 1998, he has been Chairman and Managing Director of Brepols Group and also Managing Director of Carta Mundi (a worldwide leader manufacturer of playing cards). He has also served as a non-executive director of several affiliated companies of Etex.

J. Alfons Peeters

J. Alfons Peeters is the Chief Executive Officer of Etex SA. Mr. Peeters has been a member of the Group's Executive Committee since 2003 and joined the Board of Directors in 2011. He joined Eternit NV in 1973 as Product Manager and System Development Manager of the Marketing Department for Roofing. In 1979, Mr. Peeters became General Manager of Promat NV. In 1983 he went on to become Sales Director for Building Materials in Eternit NV, Belgium. In 1984, he became President of Eternit Inc (USA). He set up a plant for the production of flat sheets. In 1991, Mr. Peeters became Managing Director of Eternit NV, (Belgium), and in 1994 of Eternit BV (Holland). On January 1st, 1999, he was appointed Director of Operations of the European Building Materials Division. In 2002, he became President of Eternit AG (Germany) where he successfully restructured the company's business. In 2003, he became Head of the European Building Materials Division. Mr. Peeters holds a degree in Civil Engineering (Construction) from the KUL and completed a post university year at the Vlerick School in Ghent (MBA).

Philium SPRL with its registered office in Belgium, represented by Philippe Coens

Philippe Coens has been a director of Etex since 2003. He joined Etex SA in 1974 as Technical Director of two Nigerian companies. He then moved into Brazil and managed a Group company active in the vinyl flooring sector. He became in 1989 the Head of the Research & Development Centre of Etex. He became in 1992 a member of the Executive Committee and was appointed in 1994 Director of the regional Division Africa and Asia of Etex SA. In 1998 he was appointed Director of the Division Latin American Asia & Africa. Philippe Coens was the CEO of Etex between 2003 and 2010. He is also a non executive director of three Belgian companies: Tessenderlo Chemie (a company listed on Euronext Brussels), Schröder and Carrières du Hainaut. He is still a non-executive director of two German affiliated companies of the Group, Eternit AG and Creaton AG. He holds a Master in Civil Engineering (Construction), followed by a Masters in Science Business Administration (Stanford University).

Walter Emsens

Walter Emsens has been a director of Etex since 2001. He has been managing director of a company active in security systems. In January 2011, he was appointed CEO of a group comprising several companies all

active in security systems. Walter Emsens is also a director of SA SCR SIBELCO. He studied Economics at I.C.H.E.C. (*Institut Catholique des Hautes Etudes Commerciales*), Brussels.

Regnier Haegelsteen

Regnier Haegelsteen has been a director of Etex since 2006. He started his career with JP Morgan in Belgium and in New York. He was appointed in 1999 Managing Director of Banque Degroof S.A. Since 2006, he has been Chairman of the Executive Committee of Banque Degroof S.A. Before this he held several management functions with Banque Degroof S.A. Mr. Haegelsteen is also a non executive director in several companies, among which Sipef (an oil palm company) and Atenor, two companies listed on Euronext. He holds a degree in laws (UCL) and followed this by studying for an MBA in New York within the framework of the JP Morgan Bank training program.

Marc Nolet de Brauwere

Marc Nolet de Brauwere has been a director of Etex since 2003. He holds a Masters in Civil Mines Engineering (UCL) and a Masters in Civil Engineering in Industrial Management (KUL). He was Chief Engineer at Petrofina USA and then an associate with the consultants McKinsey & Company. He is now CEO and founder of Physiol SA, a company active in the Medical Device sector.

Maximo Pacheco

Maximo Pacheco joined the board of directors of Etex in 2011. He has been the President of International Paper for Europe, Middle East, Africa and Russia since January 2010, based in Brussels. In 1994 he was appointed Executive Vice-President of International Paper - Chile and in 2000 became President of International Paper for Latin America, based in Sao Paulo, Brasil. Since 2005 Maximo Pacheco has been Senior Vice-President of International Paper Co. From 1983 to 1990 Mr. Pacheco was employed with Banco de Chile in Santiago. Later and prior to his employment with International Paper (between 1990 and 1994) he was the Chief Operating Officer of Codelco-Chile, the largest copper producer in the world. Since February 2010 he has been a member of the Board of Directors of Ilim Group, the largest pulp and paper producer in Russia. Maximo Pacheco graduated from the University of Chile with a degree in Business Engineering and MBA in Economics.

Teodoro Scalmani

Teodoro Scalmani has been a member of the Etex SA board since 2002. He became CFO of the Hatschek Holding AG in 1995. In 1997, he was appointed Member of the Supervisory Board of Gmundner Zementwerke Hans Hatschek AG and Gmundner Zement Produktions- und Handels GmbH (a large cement plant in Austria). Between 2001 and 2005, he was the CEO of Eternit-Werke Ludwig Hatschek AG. In 2006 he became CEO of Eternit Holding GmbH, Vöcklabruck, a company holding all of

the businesses of the Eternit Group Austria. He is now an independent consultant. Mr. Scalmani holds a Doctorate in Economics from the University L. Bocconi (Milan), followed later by an MBA in Finance from Donau University, Krems, Austria.

Christian Simonard

Christian Simonard joined the Etex SA Board in 2009. Christian Simonard obtained a Graduate in Informatics (EPHEC), followed by two post-graduate degrees including one in business management (ICHEC-GERGECO). Between 2004 and 2009 he was an IT and Environment consultant with GSK Biologicals. Since 2010 he has worked as an independent environmental consultant.

Baron Philippe Vlerick

Philippe Vlerick has been a director of Etex SA since 2005. As well as his executive positions as Chairman of Uco, Raymond Uco Denim Pvt. Ltd., B.I.C. Carpets and Vlerick Real Estate, he also holds several non-executive positions including Chairman of Pentahold, Vice-Chairman of KBC Group, Spector Photo Group and Corelio. He is also a non-executive board member of Exmar, Besix Group, B.M.T., IVC, Concordia Textiles, L.V.D. Company and Hamon & Cie. Some of these companies are listed on Euronext. He also serves as Chairman of the BICC&I (Belgo-Indian Chamber of Commerce & Industry). He holds a degree in Philosophy and Law - University of Louvain (Belgium), a Management degree - Vlerick School (Ghent, Belgium) and an MBA - Indiana University, Bloomington (USA).

Amaury Pelgrims de Bigard

Amaury Pelgrims de Bigard joined the board of directors of Etex SA on 23 May 2012. He is a certified internal auditor IIA. He is Graduated in Applied Economics from "*Institut d'Administration et de Gestion*" - IAG (UCL- Louvain School of Management). He was first external auditor with Arthur Andersen. He then joined Fortis Bank (now BNP Paribas Fortis) whereby he holds internal audit functions.

(iii) Appointment and corporate governance

The directors are appointed by the shareholders' meeting of Etex SA, upon proposal of the Selection Committee. Among all the rules implemented by the Group and reflected in the Corporate Governance Charter, the following are of particular importance:

- the Chairman of Etex SA cannot at the same time be the Chief Executive Officer of Etex SA. By implementing this rule, a clear distinction is made between the role of the Chairman of the Board and the role of the Chief Executive Officer.
- although not written in the articles of association of Etex SA, pursuant to the Corporate Governance Charter, all of the members of the Board are elected for a renewable term of three years. The

Chairman of the Board is elected by a simple majority of votes for the two first consecutive mandates (totalling six years), then any subsequent mandate will be voted on by the Board with a qualified majority of two thirds. Directors cannot stay on the Board after the age of 70.

- the Chairman of the Board must maintain regular contact with the Chief Executive Officer in order to keep close contacts between the Board of Directors and the Executive Committee. Please refer to section 7.1.(d) below for a further discussion of the Executive Committee.

The directors of Etex SA are proposed by a Selection Committee (see above) and are appointed by the shareholders' meeting for a renewable term of three years.

(iv) Remuneration

The remuneration of the directors is substantially less important than remunerations granted by some companies listed on the Euronext Brussels stock exchange. In 2011, the Director's remuneration was fixed at EUR 30,000 per member. The Chairman's annual remuneration was EUR 90,000. Directors who are members of Committees receive a fee of EUR 1,500 per meeting.

Except for the Chief Executive Officer, other Directors are not eligible to receive stock options or to buy shares of Etex SA with a discount.

(c) Board Committees

The Board of Directors has created working Committees with the objective of analysing more thoroughly specific issues and advising the Board accordingly. Non Board members of Etex SA can be appointed to these Committees. Members of these Committees are appointed by the Board for a renewable term of one year. Non members of these Committees can also be invited if required.

(i) Strategy Committee

The Strategy Committee makes recommendations to the Board of Directors on the strategic options and directions proposed by the Executive Committee. In addition, the Strategy Committee reviews major projects which are proposed by the Executive Committee, such as acquisitions and divestments and geographical diversification. After thorough analysis, it makes recommendations to the Board with regard to the Group strategy and major investments. The members of the Strategy Committee are:

- Jean-Louis de Cartier de Marchienne, Chairman
- J. Alfons Peeters, Chief Executive Officer of Etex SA
- Philium SPRL, represented by Philippe Coens
- Walter Emsens

- Philippe Vlerick

The Strategy Committee usually meets four times a year, or more if necessary.

(ii) Financial Audit Committee

The Financial Audit Committee reviews the financial reporting process as well as the statutory audit of the annual accounts. In particular, the Committee reviews the consistency and reliability of the accounts and financial information supplied to the Board. The Audit Committee also monitors the company's internal control and risk management systems. The members of the Financial Audit Committee are:

- Marc Nolet de Brauwere (Chairman)
- Regnier Haegelsteen
- Amaury Pelgrims de Bigard.

The Financial Audit Committee usually meets three times a year.

(iii) Selection Committee

The Selection Committee selects prospective board members. Its decisions are framed on candidate's credentials and professional experience. The members of the Selection Committee are:

- Jean-Louis de Cartier de Marchienne (Chairman)
- Marc Nolet de Brauwere
- Philippe Vlerick

The Selection Committee meets only when required.

(iv) Remuneration Committee

The Remuneration Committee (which is made up of the same members as the Selection Committee) determines the salary of the Chief Executive Officer. The overall remuneration and benefits granted to the members of the Executive Committee is determined by the Chief Executive Officer after consultation with the Remuneration Committee. In doing so, it verifies whether the compensation of the members of the Executive Committee is in line with market practice and whether its incentives are designed to achieve the Group's strategic goals.

(d) Etex SA Management (daily management)

The daily management of Etex SA is ensured by the Chief Executive Officer assisted by an Executive Committee holding regular meetings.

(i) **Composition**

The members of the Executive Committee are appointed by the Chief Executive Officer. The members of the Executive Committee are the persons referred to below.

Unless otherwise stated below, their business address is at 361 avenue de Tervueren, 1150 Brussels, Belgium.

J. Alfons Peeters: Chief Executive Officer

See above under subparagraph 7.1(b).

Frédéric Deslypere: Chief Financial Officer

Mr. Deslypere joined the Group in 1991. After three years as Assistant to the Secretary General, Mr. Deslypere moved to the position of Tax Advisor within the Group Finance Department. Between 1999 and 2003, Mr. Deslypere was Finance Director of Eternit AG (Germany) where he assisted in the restructuring of this company.

After the split of the former Etex, Mr. Deslypere took on the position of Secretary General of the Group. In 2008, he became the Group's Chief Financial Officer.

Mr. Deslypere has been a member of the Group's Executive Committee since 2003.

Mr. Deslypere holds a law degree from the Free University of Brussels and was a Belgian American Educational Fund Hoover Fellow during post-graduate studies at the University of Michigan. Prior to joining the Group, Mr. Deslypere was an associate with the international law firm Cleary, Gottlieb, Steen and Hamilton.

Karel De Wilde: Secretary General

Mr. De Wilde joined the Group in 2008 as Secretary General. Prior to his employment with the Group, Mr. De Wilde was an associate with the international law firm Allen & Overy in its Corporate and M&A Department (1993-2004) and secretary general to the Telindus Group, a Belgian company formerly listed on the Euronext stock exchange before being taken over by a competitor.

Mr. De Wilde holds a law degree from the Catholic University of Louvain and completed post-graduate studies in the University of Cambridge (legal studies), the Diplomatic School of Madrid (International Relations) and INSEAD (Executive MBA).

Bernard Lekien: Director of the Siniat Division

Mr. Lekien graduated from Liège University with an engineering degree in 1979 and from Austin Texas University with an MBA in 1985.

He joined Lafarge in 1982 and held various positions at the Corporate level as well as the Cement and Gypsum Divisions including Italy BU Manager, Germany/the Netherlands BU Manager and France BU Manager (from 1996 to 2006).

He was appointed Regional President for Southern Europe in 2006 and his responsibilities were extended to Europe in 2010.

André Hoste: Director of European Building Materials division West

Mr. Hoste joined the Group in 1979 as an R&D Engineer. Afterwards, he became Product Manager and Marketing Director of Eternit NV. In 1988 he became Finance and Administration Director of Gyproc Benelux.

In 1995 Mr. Hoste was appointed Managing Director of Carrières du Hainaut SA and in 1999 he became MD of Eternit NV and Eternit BV. In 2005, he was also in charge of the Scandinavian operation of EBM.

As of January 2011, Mr. Hoste has been Head of the EBM West Division and member of the Group's Executive Committee.

Mr. Hoste holds a degree as a Civil Engineer in Mechanics and a masters degree in Economics from the Catholic University of Louvain (UCL).

Udo Sommerer: Director of European Building Materials division East

Mr. Sommerer joined the Group in 2003 as Finance Director Eternit AG. Before this he worked for Procter and Gamble in various financial functions. He relocated the headquarters from Berlin to Heidelberg significantly reducing the related costs.

As of 2006 Mr. Sommerer became Vorstand of Eternit AG. During his term Eternit AG became the most profitable company within the Group.

Since 2011 he has been member of the Executive Committee and responsible for the building material business in Germany, Central and Eastern Europe.

Mr. Sommerer holds a degree from the University Erlangen-Nürnberg as Diplom Kaufmann (business administration).

Paul van Oyen: Director of the Fire Protection Division

Business address: Bormstraat 24, 2830 Tiselt, Belgium

Mr. van Oyen joined the Group in 1990 after several years in geological research and five years of ceramic industry experience. He took up different functions in R&D and M&A projects and management before managing the European BPR and the SAP implementation. He managed the transformation of Manasco, the Group's IT centre, and created the European Supply Chain organization. Mr. van Oyen then became Business Development Manager of the European division and as such assisted in some major acquisition projects. He designed and implemented

the strategy for the development of East European activities. He managed the East European business (as well as the overseas export activities) for about five years. He was appointed Head of the FPI (Fire Protection Division) in 2011.

Mr. van Oyen holds a university degree in industrial mineralogy and an MBA of Leuven University, Belgium.

Jose Manuel Martinez: Head of Strategy and Business Development and Etex Engineering

Mr. Martinez joined the Group in 1989 when it acquired Colombit from Saint-Gobain. Mr. Martinez was General Manager of Colombit at the time of this acquisition. From 1992 until 2003, Mr. Martinez was Deputy Manager for Latin America. Mr. Martinez has been a member of the Executive Committee since 2008 and was responsible for the IBM (International Building Materials) division. Since 2011 he is head of Strategy and Business Development as well as of Etex engineering.

Mr. Martinez holds a BS Sciences Economics and Management from the University of Madrid.

Jorge Bennett: Director of Latin America Division

Business address: Av. Andrés Bello 2777, 6760274 Las Condes, Santiago, Chile

Mr. Bennett joined the Group in 1985 as Commercial Manager of Pizarreño.

From 1993 until 1995, he was the Managing Director of Cerámica San Lorenzo in Argentina. From 1995 until August 2011 he has been CEO of the Pizarreño Group. He is now head of the Latin American Division. Prior to Pizarreño he was the development manager at a Chilean bank and then became CEO of one of the leading dairy companies in Chile.

Mr. Bennett has been a member of the Executive Committee since 2008.

Mr. Bennett holds a degree in Business Administration from the Catholic University of Chile.

Nicolas Van Den Abeele: Director of Asia-MEA Division, Director of R&D and Innovation

Mr. Van Den Abeele joined the Group in 2011 as head of Strategy and Business Development, Engineering, Research and Innovation. He is now Director of the AMEA Division, which comprises all the activities in Asia, Middle East and Africa.

Mr. Van den Abeele has been a member of the Executive Committee since 2011.

Prior to joining Etex, i.e. from 1997 to 2010, Mr. Van den Abeele held various management positions at Alcatel Lucent between 1997 and 2010,

in Europe, the Americas and Asia. He headed Alcatel-Lucent's Strategy & Venture activities and was President of the Asian region (SEA).

Before he was active in strategy and management consulting with Arthur Andersen business consulting.

Mr. Van den Abeele holds a degree in Business Administration from the Catholic University of Louvain and completed post-graduate master studies at the College of Europe, *Université Libre de Bruxelles/Solvay* and Ashridge College/Insead (Alcatel-Lucent E-MBA).

(ii) Functioning of the Executive Committee

The Chief Executive Officer is the Chairman of the Executive Committee and chooses its members. Non members of the Executive Committee can be invited to attend in whole or in part some meetings. The Executive Committee is not a collegial body. It plays a consultation and coordination role between the Chief Executive Officer and its key staff (i.e. the other members of the Executive Committee). The Chief Executive Officer fixes the periodicity of the meetings (usually every month except in July and August) and determines the agenda. The Executive Committee is not a *comité de direction/directiecomité* within the meaning of the Belgian Company Code.

Except for the Chief Finance Officer, the Company Secretary and the Head of Strategy and Business Development and Etex Engineering, each member of the Executive Committee is in charge of managing one Division. Each member directly reports to the Chief Executive Officer.

(iii) Remuneration

The remuneration of the Chief Executive Officer is determined by the Remuneration Committee and the remuneration of the members of the Executive Committee is determined by the Chief Executive Officer after consultation with Remuneration Committee.

The remuneration of the Executive Committee is composed of a fixed part and a variable part. The variable part depends upon (A) annual results of the Group (B) annual results of the Divisions the members manage and individual activities. An incentive is created between results and remuneration.

Members of the Executive Committee also enjoy retirement benefits and a stock option plan managed by an independent bank. They must keep options for at least four years before any exercise. The Group stock options plan contains rules reducing the number of options granted to a beneficiary who would resign before retirement. Granting stock options may inevitably create management conflicts of interest.

Except for inherent possible conflicts of interest linked to stock option plans, there are no other potential conflicts of interest reported or know.

(e) Other persons

There are no other persons within Etex Group SA with administrative or management responsibilities requiring disclosure.

7.2 **Etexco SA (the "Issuer")**

The Issuer is the finance vehicle of the Group. The Issuer borrows from banks, lends and manages monies of Group affiliated companies.

The corporate purpose of the Issuer is set out in article 3 of its articles of association. The Issuer has as its purpose, in Belgium as well as abroad, all transactions of a general nature, commercial transactions, financial transactions (including transactions, speculative or not speculative, with respect to complex financial instruments), treasury operations, operations with respect to movable or immovable goods, hedging operations with respect to all types of risks such as changes in foreign exchange rates or interest rates, management of investment portfolios, emission allowances or energy contracts. Such transactions can be carried out either for its own benefit or for the benefit of affiliated companies, or for the benefit of companies in which the Issuer has a participation or for the benefit of other persons or other companies. The Issuer can receive deposits, grant loans or other types of financing, including in the context of the issue of financial instruments in this, mainly for a short or medium term, for the benefit of other companies or persons. The Issuer cannot carry out regulated activities limited to the banking sector. The Issuer can grant any type of guarantee as well as provide security interests, in order to secure its own liabilities as well as liabilities of affiliated companies or companies in which the Issuer has a participation, as well as for other companies or persons. The Issuer can obtain any type of financing, including financing on the capital markets, enter into all types of banking operations, open and manage all bank accounts and manage financial instruments, with any bank, in Belgium as well as abroad. The Issuer has as its activity the activity of "holding" in the broadest sense, by means of the acquisition, disposal and/or subscription to financial instruments and participations of any nature in all companies or legal entities, in any manner whatsoever. The Issuer can also furnish in Belgium as well as abroad, to affiliated companies, to companies in which it has a participation as well as all other companies or persons, any service, technical assistance and provide any type of advice, as the case may be with assistance of third parties, in the field of financing and treasury management (in the broadest sense of the word). The Issuer can change its corporate purpose in accordance with the provisions of the Belgian Company Code.

The Issuer's Board of Directors has the power to perform all acts that are necessary or useful to realise the corporate purpose of the Issuer, except for those powers reserved by law for the shareholders.

The Issuer's Board of Directors meets at least two times a year and at any other time if necessary. The board of Etexco has 5 members appointed by the shareholders' meeting of the Issuer. The directors have their business address at 361 avenue de Tervueren, 1150 Brussels, Belgium:

- J. Alfons Peeters, Chief Executive Officer of Etex SA;

- Frédéric Deslypere, Chief Financial Officer of Etex SA. He is also Managing Director of Etexco;
- Karel De Wilde, Company Secretary of Etex SA;
- Benoit Stainier, Etex SA Corporate Finance Director; and
- Regnier Haegelsteen, acting as independent director within the meaning of the Belgian Company Code and to be appointed prior to the Issue Date of the Bonds.

As the Issuer does not satisfy the conditions of article 526bis of the Belgian company Code, it is not required to install an audit committee within the board of directors of the Issuer. The tasks assigned to the audit committee will therefore be assumed by the board of directors as a whole. The board acting as audit committee has the task as described in article 526bis of the Belgian Company Code. These tasks include the monitoring of the financial reporting process, the monitoring of the efficacy of the systems for internal control and risk management of the company, if an internal audit exists, the monitoring of such an internal audit, the monitoring of the statutory control of the annual accounts and the assessment and monitoring of the independence of the auditor.

There are no other bodies or committees set up within Etexco SA.

7.3 **Conflicts of interest**

There are no potential conflicts of interest between any duties to the issuing entity of the persons referred in this section 7 of the "*Description of the Issuer and the Group*" (i.e. members of the administrative, management, and supervisory bodies of the Issuer and Guarantors) and their private interests or other duties, except for the conflicts of interest that are inherent to the fact that certain members of the board and the management hold directly or indirectly shares in Etex SA or participate in stock option plans. Some members of the board may fulfil a function within a company that has dealings in the ordinary course of business with the Group.

8. **MAJOR SHAREHOLDERS**

8.1 **Etex SA**

As of the date of this Prospectus, the share capital of Etex SA to EUR 4,491,277.23 and consisted of 82,837,819 shares with no par value. These have been fully paid up.

Etex SA is a privately owned industrial group headquartered in Belgium. The Group was founded in 1905 by Alphonse Emsens. Etex SA is controlled by Jekbouw, a Dutch legal entity in the form of a Stichting Administratiekantoor. All certificates in Jekbouw are held by large number of descendents of the founder Mr. Alphonse Emsens.

8.2 Etexco

As of the date of this Prospectus, the share capital of Etex SA to EUR 548,784,958.85 and consisted of 138,303 shares with no par value. These have been fully paid up.

Etexco is 100 per cent. directly and indirectly controlled by Etex SA. The shareholders of Etexco are:

- Etex SA (38.85%);
- Eternit NV (33.12%);
- Promat International NV (17.94%)
- Eternit Investment Sàrl (10.09%).

There are no arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change of control of the Issuer.

9. FINANCIAL INFORMATION CONCERNING THE ISSUER'S AND THE GUARANTORS' ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

9.1 Key figures 2011

in millions of EUR	2006	2007	2008	2009	2010	2011	%
Revenue	1,980	2,129	2,081	1,797	1,956	2,300	17.5
Recurring operating income (REBIT).....	228	239	209	148	172	197	14.7
% of revenue	11.5%	11.2%	10.1%	8.2%	8.8%	8.6%	
Non recurring items	6	18	-11	-24	14	-21	
Operating cash flow (EBITDA).....	325	345	288	246	303	291	-3.7
Operating income (EBIT)	233	257	198	124	185	176	-4.8
% of revenue	11.8%	12.1%	9.5%	6.9%	9.5%	7.7%	
Net profit (Group share).....	141	162	110	38	114	80	-29.7
Capital expenditure	104	196	225	70	73	144	95.9
Net financial debt.....	296	404	522	393	337	1,377	308.4
Working capital.....	312	358	410	316	333	326	-2.3
Capital employed	1,246	1,401	1,537	1,414	1,465	2,573	75.6
Return on capital employed (ROCE)	18.7%	19.4%	13.5%	8.4%	12.9%	12.2%*	
Gearing ratio	26.4%	29.7%	40.0%	34.0%	28.2%	66.7%	

* Pro forma – excluding Gypsum business

The gearing ratio is calculated as follows: Net financial debt (EUR 1,377,000,000) / net financial debt (EUR 1,377,000,000) + total equity (EUR 687,000,000)= 66.7%

in EUR per share	2006	2007	2008	2009	2010	2011	%
Net recurring profit (Group share).....	1.74	1.93	1.57	0.75	1.31	1.18	-9.9%
Net profit (Group share)	1.79	2.06	1.40	0.49	1.45	1.02	-29.7%
Gross dividend.....	0.224	0.250	0.250	0.250	0.290	0.320	
Growth rate of dividend.....	15.5%	11.6%	0.0%	0.0%	16.0%	10.3%	
Recurring distribution rate.....	12.9%	13.0%	15.9%	33.3%	22.1%	27.1%	
Personnel	13,459	14,422	14,639	13,512	13,351	17,138	

Capital employed is the non-cash working capital plus property, plant and equipment, goodwill and intangible assets, investment properties and non-current assets held for sale.

Capital expenditure is acquisition of property, plant and equipment, intangible assets and investment properties, excluding acquisitions through business combination.

Effective income tax rate is income tax expense divided by the profit before income tax and before share of result in investments accounted for using the equity method, expressed as a percentage.

Free Cash Flow Free cash flow is the sum of the cash flow from operating activities, interest paid and received, dividend received less capital expenditure.

Net financial debt is current and non-current financial liabilities, including capital leases, less current financial assets and cash or cash equivalents.

Net recurring profit (Group Share) is Net profit for the year before non recurring items, attributable to the shareholders of the Group.

Non recurring items is Income statement items that relate to significant restructuring measures, impairment of goodwill and other income or expenses arising from disposal of non productive assets.

Operating income or **EBIT** (earnings before interest and taxes) is Income from operations, before financial charges and income, share of result in investments accounted for using the equity method and in-come tax expenses.

Operating cash flow or **EBITDA** (earnings before interest, taxes, depreciation and amortisation) is Operating income before charges of depreciation, impairment or amortisation on tangible and intangible fixed assets.

Net profit (Group share) is Profit for the year attributable to the shareholders of the Group.

Recurring distribution rate is Gross dividend per share divided by the net recurring profit (Group share) per share, expressed as a percentage.

Recurring operating income (**REBIT**) is Income from operations, before non recurring items and before financial charges and income, share of result in investments accounted for using the equity method and income tax expenses.

Return on capital employed (**ROCE**) is Operating income divided by the average capital employed (at the beginning of the year plus at the end of the year divided by two), expressed as a percentage.

Revenue includes the goods delivered and services provided by the Group during the period, invoiced or to be invoiced, net of discounts, rebates and allowances.

Theoretical income tax expenses is country-based nominal tax rate applied to the profit before taxes of each entity.

Weighted average nominal tax rate is country-based nominal tax rate applied to the profit before taxes of each entity divided by the Group's profit before income tax and before share of result in investments accounted for using the equity method, expressed as a percentage.

Weighted average number of shares Number of issued shares at the beginning of the period adjusted for the number of shares cancelled or issued during the period multiplied by a time-weighting factor.

9.2 Historical financial information

For the historical financial information, reference is made to the section "Information incorporated by reference".

Consolidated income statement

in thousands of EUR	2010	2011
Revenue	1,956,495	2,299,751
Cost of sales	-1,350,452	- 1,606,280
Gross profit	606,043	693,471
Distribution expenses	-247,474	-286,127
Administrative and general expenses	-149,353	-171,093
Other operating charges	- 66,537	-51,863
Other operating income	29,021	12,533
Operating income before non recurring items	171,700	196,921
Gain on disposal of assets and businesses	17,342	12,609
Other non recurring items	-3,816	-33,266
Operating income (EBIT)	185,226	176,264
Interest income	60,996	48,431
Interest expenses	-89,563	-94,031
Other financial income	7,152	2,994
Other financial expense	-6,654	-11,372
Share of profit in equity accounted investees	1,624	373
Profit before income tax	158,781	122,659
Income tax expense	-34,647	-34,167
Profit for the year from continuing operations	124,134	88,492
Attributable to shareholders of Etex	113,905	80,130
Attributable to non-controlling interests	10,229	8,362

Consolidated statement of comprehensive income

in thousands of EUR	2010	2011
Profit for the year	124,134	88,492
Changes in employee benefits reserves	- 51,008	-9,654
Income tax effect	13,762	-2,297
Changes in cash flow hedge reserves	- 5,996	-5,129
Income tax effect	4,055	2,020
Changes in fair value of available-for-sale assets	8,548	-11,465
Income tax effect	-	14
Changes in translation differences	33,067	-2,771
Others	-76	-680
Other comprehensive income, net of tax	2,352	-29,961
Total comprehensive income for the period, net of tax	126,486	58,531
Attributable to shareholders of Etex	105,759	52,191
Attributable to non-controlling interests	20,727	6,340

Consolidated statement of financial position

in thousands of EUR	2010	2011
Non-current assets	1,314,792	2,486,187
Property, plant and equipment	901,331	1,718,597
Goodwill and other intangible assets	205,897	503,671
Investment properties	21,482	21,742
Assets held for sale	3,274	3,712
Investments in equity accounted investees.....	11,905	66,030
Other non-current assets.....	98,200	87,792
Deferred tax assets	67,867	81,443
Employee benefits assets	4,836	3,200
Current assets	775,423	1,032,612
Inventories	379,743	473,586
Trade and other receivables	300,684	434,410
Other current assets	13,339	5,916
Cash and cash equivalents.....	81,657	118,700
TOTAL ASSETS	2,090,215	3,518,799
Total equity	859,864	686,823
<i>Issued share capital</i>	4,492	4,492
<i>Share premium</i>	3,724	3,724
Reserves and retained earnings.....	749,113	631,279
Attributable to the equity shareholders of Etex	757,329	639,495
Non-controlling interests	102,535	47,328
Non-current liabilities	672,469	1,974,316
Provisions.....	141,823	135,475
Employee benefits liabilities	213,268	250,488
Loans and borrowings	241,752	1,304,780
Deferred tax liabilities.....	52,018	249,377
Other non-current liabilities	23,608	34,196
Current liabilities	557,882	857,660
Provisions.....	19,136	77,630
Current portion of loans and borrowings	190,465	196,848
Trade and other liabilities	348,281	583,182
TOTAL EQUITY AND LIABILITIES	2,090,215	3,518,799

Consolidated statement of cash flows

in thousands of EUR	2010	2011
Operating income (EBIT)	185,226	176,264
Depreciation, amortisation and impairment losses.....	117,399	115,038
Losses (gains) on sale of intangible assets and property, plant and equipment.....	-20,353	-5,749
Income tax paid.....	-51,308	-44,186
Changes in working capital, provisions and employee benefits	-19,870	88,910
Changes in other non-current assets/liabilities	-5,634	1,722
Cash flow from operating activities	205,460	331,999
Proceeds from sale of intangible assets and property, plant and equipment	28,939	13,626
Acquisition of business (net of cash)	-32,877	-910,068
Capital expenditure	-73,415	-143,829
Interest and dividend received	5,142	9,633
Other	-274	-
Cash flow from investing activities	-72,485	-1,030,638
Capital increase	72	-

Proceeds (repayment) of borrowings	-64,856	747,558
Dividend paid.....	-29,212	-46,640
Interest paid.....	-29,781	-35,839
Other	-665	-
Cash flow from financing activities	-124,442	665,079
Net increase (decrease) in cash and cash equivalents	8,533	-33,560

Cash and cash equivalents at the beginning of the year	56,161	61,794
Translation differences.....	6,233	16
Acquisition through business combination	-9,133	82,274
Net increase (decrease) in cash and cash equivalents ..	8,533	-33,560
Cash and cash equivalents at the end of the year	61,794	110,524
<i>Cash and cash equivalents</i>	<i>81,657</i>	<i>118,700</i>
<i>Bank overdrafts</i>	<i>-19,863</i>	<i>- 8,176</i>

Consolidated statement of changes in equity

In thousands of EUR	Attributable to the equity holders of Etex						
	Issued share capital and share premiums	Treasury shares	Post employment benefits reserves and financial instruments	Translation	Other reserves and retained earnings	Non-controlling interests	Total Equity
At December 31, 2009.....	8,148	-18,709	-8,122	-108,452	798,390	90,734	761,989
Total comprehensive income	-	-	-31,109	22,427	114,441	20,727	126,486
Capital increase	68	-	-	-	-	4	72
Dividend.....	-	-	-	-	-19,592	-8,930	-28,522
Treasury shares.....	-	-161	-	-	-	-	-161
At December 31, 2010.....	8,216	-18,870	-39,231	-86,025	893,239	102,535	859,864
Total comprehensive income	-	-	-26,511	-749	79,451	6,340	58,531
Dividend.....	-	-	-	-	-22,726	-23,688	-46,414
Acquisition of non controlling interests	-	-	-	-	-147,294	-37,859	-185,153
Treasury shares.....	-	- 5	-	-	-	-	-5
At December 31, 2011.....	8,216	-18,875	-65,742	- 86 ,774	802,670	47,328	686,823

9.3 Auditing of historical financial information

The statutory auditor is Ernst & Young Reviseurs d'Entreprises SCCRL, Registered Auditors, represented by Mr. Eric Golenvaux (member of the *Institut des Réviseurs/Instituut der Bedrijfsrevisoren*). The auditor has audited the consolidated and non-consolidated financial statements of Etex SA and the non-consolidated financial statements of the Issuer relating to the years ended 2010 and 2011 and has issued an unqualified auditors' report in each case.

9.4 Pro forma financial figures

The figures included in the Group's consolidated financial statements for 2011 include only two months of the acquired businesses revenue in respect of Etex Dryco (renamed Siniat) i.e. as from the acquisition date. The Group obtained from the acquired businesses full year figures for 2011 (hereafter the "full year

figures"), which are considered to be reliable and not significantly different in terms of accounting principles than principles applied by the Group.

The pro forma figures disclosed below have been obtained by replacing the two months of acquired businesses revenues with the full year figures. These figures have not been audited.

	<u>2010</u>	<u>2011</u>	<u>2011Pro forma</u>
Sales	1,956	2,300	3,107
Recurring EBIT	172	197	267
Recurring EBITDA	285	309	412
EBIT	185	176	246
EBITDA	303	291	394

9.5 **Key financial information for the first semester of 2012**

The below is the key financial information for the first semester of 2012. This information has been extracted from unaudited accounts of the Group, and was not subject to any review or verification by the auditors of the Group.

In millions of EUR

	<i>June 2011</i>	<i>June 2012</i>	<i>% change</i>
Revenue	1,037	1,586	52.9%
Recurring operating income (REBIT)	107	141	32.0%
<i>% of revenue</i>	<i>10.3 %</i>	<i>8.9%</i>	
Non-recurring items	-2	0	
Operating cash flow (EBITDA)	150	221	46.6%
Operating income (EBIT)	106	142	34.2%
<i>% of revenue</i>	<i>10.2%</i>	<i>8.9%</i>	
Net profit (Group Share)	49	110	124.2%
Capital Expenditure	44	89	
Net financial debt	368	1,418	
Working capital	405	487	
Capital employed	1,510	2,778	

The key figures for the first semester of 2012 reflect an evolution of revenues and cash flow in the first half of the year that is significantly influenced by the acquisition of the European Lafarge gypsum division. On a like-for-like basis, there is an increase in revenues and cash flow of respectively 5.1% and 5.2%. Etex had a strong first quarter whereas some signs of slowdown in Europe appeared as from the second quarter. This assessment is based on unaudited financial information, and there is no guarantee that the performance of the group will be similar in the second semester of 2012.

The net profit includes the gain on disposal of Aliaxis shares (EUR 36,300,000). The increase in working capital and net financial debt reflect the normal business seasonality.

9.6 **Legal and arbitration proceedings**

The Group is involved in various proceedings from time to time related to the conduct of its business. These include claims related to tax, competition and the

manufacturing and sale of products (such as claims related to product liability). Some companies of the Group have used asbestos as a raw material in the past. Regrettably, the inhalation of asbestos fibres has led to diseases and, as a consequence, some Group companies are now exposed to claims from people with asbestos-related diseases. Given the long latency time of certain of those illnesses, the Group will remain exposed to this risk in the future. The Group does not expect these proceedings to have a material impact on the business or the consolidated financial conditions or results of the Group as a whole. The issues related to the Turin case and the uncertainties in that respect are discussed in a separate paragraph (b) below.

(a) Kartellamt case

The German clay tiles subsidiaries of the Group, Creaton AG and Pfeleiderer GmbH, received in December 2008 a notification from the German Bundeskartellamt imposing fines totalling EUR 94,000,000 in relation to an alleged price fixing arrangement in 2006. The procedure was part of a sector wide investigation against various clay tile manufacturers in Germany.

In February 2009, the Bundeskartellamt imposed an additional fine of EUR 18,000,000 against Etex Holding GmbH for not having sufficiently supervised its subsidiaries Creaton AG and Pfeleiderer GmbH.

Creaton AG, Pfeleiderer GmbH and Etex Holding GmbH filed an appeal against the decisions of the Bundeskartellamt. On 30 January 2012, the Bundeskartellamt notified Etex Holding GmbH that it had decided to cancel the fine of EUR 18,000,000. Based on advice from external counsel, the Group takes the view that a provision of EUR 20,000,000 is adequate. German law at the time of the alleged offences stipulated that fines were to be limited to 10 per cent. of the revenues of the relevant undertaking. Creation AG and Pfeleiderer Dachziegel GmbH had together at the time approximately EUR 200,000,000 in revenues and hence an amount of 10 per cent. of this amount, EUR 20,000,000 should be sufficient. The Bundeskartellamt has a different interpretation and takes the view that undertaking must be construed as "group". The German legislator has later on amended the law and the law now stipulates that the maximum fine is 10 per cent. of the revenues of the "undertaking or group of undertakings".

The clarification by the legislator should be an argument in favour of the Group's interpretation. In addition, the fine must take into account the duration and gravity of the alleged offence. The alleged behaviour only took place over a period of approximately 5 months. Taking into account these elements, the Group believes that an amount of EUR 20,000,000 should be sufficient, even if the maximum fine is not calculated based on the individual company's revenues.

The German Court will ultimately have to decide the case. A fine will only be due after a final decision of the court. No decision has been taken as of yet.

Internal Group guidelines expressly forbid behaviour which is contrary to competition law. Compliance with these guidelines is a constant point of attention for the Group's management.

(b) Turin case

In November 2009 Etex SA was sued by a large number of civil parties in a criminal case in Turin, Italy. The case relates to the working conditions in the factories of Eternit Genoa SpA a company in which Etex SA previously held a minority interest. In this case, two individuals, Mr. Stephan Schmidheiny and Mr. Louis de Cartier, were charged with the criminal offence of having, in their capacity as de facto managers of Eternit Genoa SpA, omitted to take preventive measures to avoid employees and people living around the factory from being exposed to asbestos dust.

Many former workers, their family members and people living in the neighbourhood of the factory filed civil claims for damages. Also certain municipalities, regions and other associations as well as the INAIL, the Italian Social Security, filed a civil claim against Etex SA. In total, Etex SA was sued as civilly liable for the acts of Mr. de Cartier by 5,726 civil parties. Etex SA is not covered by insurance for these claims.

Despite strong arguments developed by the defendants, the criminal court in first instance found the two indicted persons, Mr. Stephan Schmidheiny and Mr. de Cartier, guilty and sentenced them to severe jail sentences.

The court also decided that 770 civil parties were entitled to damages from Etex SA. The civil claims from the other civil parties against Etex SA were dismissed.

From the 770 civil parties, 426 parties received a provisional amount of damages which is payable notwithstanding any appeal proceedings. Etex SA has been ordered to pay, jointly with Mr. de Cartier and partly jointly with other defendants, a total amount of EUR 28,700,000 allocated as follows:

- INAIL: EUR 15,000,000;
- 426 civil parties: EUR 13,700,000.

Three associations obtained definitive damages of EUR 300,000 but without immediate enforcement. For the remainder, the criminal court referred the 770 civil parties to a civil court which was asked to determine the final amount of their damages.

Mr. de Cartier and Etex SA filed an appeal against the sentence rendered in first instance. Etex SA will challenge, as the case may be, the enforcement of the decision in first instance and the payment of the provisional amount of EUR 28,700,000 before the Belgian courts. The final damage award (if confirmed), will be decided in separate civil proceedings, which will start when the criminal case is finally judged.

The decision of the criminal court does not specify on which grounds it held Etex SA civilly liable for the alleged offences of Mr. de Cartier. Etex SA considers the allegations against Mr. de Cartier unfounded. The role of Mr. de Cartier in Eternit Genoa SpA, in which Etex SA held only a minority interest, was very limited. He was never involved in the day to day running of the Italian company and went only three times to Italy during the relevant period (1966-1972). As a consequence, Etex SA considers the allegation that Mr. de Cartier was the

"responsabile effettivo della gestione" or de facto manager of Eternit SpA unfounded.

The criminal action against Mr. de Cartier relates to a period which ended in 1972. As a consequence, the Group's lawyers consider the action time barred. Additionally, there are strong arguments relating to the lack of criminal intent and absence of causal link. The defence argues that in the relevant period, the risks related to asbestos exposure were not sufficiently understood and that Mr. de Cartier, on the basis of the then available information, could not have foreseen that his behaviour or the activities of Eternit SpA would cause a major health disease. Moreover, when Mr. de Cartier was member of the board of Eternit SpA, he approved important investments to reduce asbestos exposure and improve the working conditions in the factories.

The claimants have to prove that their disease was caused by the alleged offence of Mr. de Cartier. In many cases, such a causal link is missing, for example, because the claimant has not been exposed to asbestos during the period for which Mr. de Cartier is being held responsible or, in case of persons who were never employed by Eternit SpA, because their disease may have been caused by an exposure to asbestos from other sources.

For these reasons and, in accordance with the view of its external counsels, Etex SA considers the claim by the civil parties not founded. As a consequence, management decided not to take any further provision in respect of this court case.

Obviously, court decisions are not predicable and the final outcome of court proceedings is always uncertain. Finally, one cannot exclude that, as a consequence of this negative sentence, other parties may bring new civil claims against Etex SA.

10. MATERIAL CONTRACTS

10.1 Syndicated credit facility

By a facilities agreement dated 5 August 2011 and subsequently amended on 7 and 24 October 2011, made between, amongst others, Etex SA/NV (the "**Main Guarantor**"), Etexco SA (the "**Principal Borrower**"), Banco Santander, S.A., Crédit Agricole Corporate and Investment Bank, Fortis Bank SA/NV, ING Belgium NV/SA, KBC Bank NV and Lloyds TSB Bank plc, as mandated lead arrangers and bookrunners (the "**Arrangers**"), Fortis Bank SA/NV as agent and certain financial institutions as lenders (the "**Lenders**") (the "**Facilities Agreement**"), the Lenders have agreed to make available the Facilities (as defined below) in connection with (a) the acquisition of the European and Latin American plasterboard activities of Lafarge SA (the "**Target Assets**") and (b) in relation to Facility A (as defined below), refinancing of an existing facility agreement and general corporate purposes.

Facilities provided are as follows:

(a) **EUR 550,000,000 multicurrency revolving credit facility ("Facility A")**

The Principal Borrower has refinanced its existing EUR 500,000,000 revolving credit facility and will use the new Facility A as the Group core banking syndicated facility for the five years (as from August 2011).

(b) **EUR 300,000,000 term loan facility ("Facility B")**

Facility B (term loan) has a three-year maturity, (as from August 2011) taking into account the following amortisation: EUR 35,000,000 in year one from acquiring the Target Assets, EUR 135,000,000 in year two from acquiring the Target Assets and the balance at maturity.

(c) **EUR 450,000,000 term bridge facility ("Facility C")**

Facility C (bridge loan, not syndicated) has a 12 month-maturity (as from August 2011), with an extension option of six additional months, which has been exercised in the meantime. The take-outs include debt capital market issuances and schuldschein private placements, which will provide long-term funding to the Group. The Bonds and the schuldschein will constitute such take-outs. Hence, Facility C will be partially refinanced by the Bonds and the Schuldschein loans (see 10.2. below). Proceeds of disposals of businesses (estimated amount of EUR 25,000,000) will also be used to refinance Facility C.

Customary legal terms apply to Facility A, Facility B and Facility C such as but not limited to, representations and warranties, covenants, events of default and guarantees.

Each of Facility A, Facility B and Facility C is subject to a downstream guarantee from Etex SA, together with upstream and cross-stream guarantees provided by the following affiliated companies:

- Promat International NV (incorporated in Belgium)
- Eternit NV (incorporated in Belgium)
- Nefibouw B.V. (incorporated in The Netherlands)
- Merilux S.à r.l. (incorporated in Luxembourg)
- Inversiones Etex Chile Limitada (incorporated in Chile)
- E.M. Holdings UK Limited (incorporated in England)

The above upstream guarantors together comprise a substantial part of the total Etex Group gross assets. Except for Promat International NV and Eternit NV, all other upstream guarantors are holding companies with no operating activities. Although all guarantees given are joint and several, some guarantee limitations exist, depending upon compulsory local requirements applicable to upstream guarantors (but there are no guarantee limitations for the Main Guarantor and the Principal Borrower).

The Principal Borrower is also a guarantor alongside other guarantors to the extent that other Group companies can accede later to the Facilities Agreement as additional borrowers.

Below is an overview of the amounts currently drawn on each facility:

Facility	31 December 2011	30 June 2012
500 million "Revolving"	240	200
300 million "Term"	300	300
450 million "Bridge"	450	450

10.2 **Schuldschein Loans**

By 4 Schuldschein Loan Agreements, Landesbank Baden-Württemberg and Bayerische Landesbank have disbursed to Etex Holding GmbH as borrower Schuldschein loans in an aggregate amount of EUR 75,000,000 (each a "**Schuldschein Loan**"). The Schuldschein Loans bear floating or fixed rate interest and have a maturity of three and five years.

All Schuldschein Loans are guaranteed by Etex S.A. and Eternit Management Holding GmbH. Guarantee limitations exist with respect to the guarantee given by Eternit Management Holding GmbH due to German law requirements applicable to upstream and cross-stream guarantors. Customary legal terms apply to the Schuldschein Loans such as but not limited to, conditions precedent, representations and warranties, covenants and events of default.

10.3 **Facility Agreement of Inversiones Etex Chile Limitada**

On 29 June 2012, the Parent entered into a EUR 32,400,000 Facility Agreement between Inversiones Etex Chile Limitada as Borrower, the Parent as Guarantor and Fortis Bank NV/SA as Original Lender and Agent pursuant to which the Company guarantees all obligations of Inversiones Etex Chile Limitada under that facility Agreement. All amounts to be borrowed by Inversiones Etex Chile Limitada under that facility agreement will be used to partially refinance an existing facility agreement dated 25 April 2006.

10.4 **Lafarge acquisition**

This acquisition was made through a joint-venture structure owned by the Group (80 per cent.) and Lafarge (20 per cent.). Pursuant to a shareholders agreement signed on 25 October 2011 (as amended on 4 November 2011), Lafarge has a 5-year put-option against the Group.

After a standstill period of five years Lafarge will have the right to exercise its put option in April 2017 or in April 2018. The value of the 20 per cent. interests of Lafarge in the gypsum activities will be calculated as a multiple of the EBITDA over the last two years preceding the exercise date. At 31 December 2011 the option is valued at EUR 314,770,000 by discounting the expected outflow and applying a discount rate of 4.67 per cent.

For further information regarding the Lafarge acquisition, reference is made to section 4.2. of the "*Description of the Issuer and the Group*".

10.5 **Other material contracts outside the ordinary course of business**

In respect of the contracts referenced under this heading 10.5., no provisions are recognised, but these contracts are included in the contingencies (Note 20 to the 2011 Annual Report).

(a) **Contracts concluded by Guarantors**

Nefibouw B.V.

In 2004 and in 2009 respectively, Nefibouw B.V. granted a guarantee related to the sale of an industrial land in the UK and warranties due to the sale of a business through a sale of shares of an affiliated company. The guarantee never has been called up to now.

Asbestos was used and dumped on the land sold. This is the reason why a guarantee was granted to the purchaser should a claim be filed against it due to the use of asbestos in the past. The first guarantee granted in 2004 has no limit in amount but a limit in time which will expire after repayment of the Bonds

The warranties granted in 2009 are capped at the purchase price (around EUR 15,500,000) and will terminate in 2016. Some warranties have been called in part as an adjustment of the purchase price. The aggregate amount of all claims will remain very likely much below the purchase price cap.

(b) **Contracts concluded by other Group companies**

Marley Limited

Marley Limited granted two indemnities in 2004 and 2005 to the purchasers of two businesses run by two of its former affiliated companies.

The first one has been given for 18 years within the framework of a past use of asbestos by the business sold (assets deal). It covers possible environmental claims, remediation costs and indemnities to be paid to a limited number of employees (33) should they become ill due to asbestos exposure.

The second was given due to the prior transfer of a business not sold to the purchaser (i.e. a retained business still part of the Group). The business sold to the third party purchaser was carried out through a sale of shares, the reason why the retained business had to be taken out before the company was sold. This second indemnity is the largest in terms of amount. The risk however under the second indemnity does not actually exceed normal operational risks. The indemnity will be called upon indeed if, and only if, a claim connected to the retained business inadvertently reaches the purchaser.

The aggregate amount of the two indemnities is reduced over time. The amount is as follows: GBP 135,500,000 (in 2015), GBP 106,625,000 (in 2016) and GBP 77,750,000 (in 2017).

None of these indemnities have been enforced up to now.

Etex DryCo SAS

Etex DryCo SAS granted a first demand guarantee to a bank in order to guarantee a loan of a plaster company in Romania. The maximum guaranteed amount is EUR 8,800,000 and the drop date is 15 February 2014.

TAXATION

Certain Belgian tax considerations

The following is a general description of certain Belgian tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds whether in those countries or elsewhere. Prospective purchasers of Bonds should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Belgium for acquiring, holding and disposing of Bonds and receiving payments of interest, principal and/or other amounts under the Bonds. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Also investors should Bond that the appointment by an investor in Bonds, or any person through which an investor holds Bonds, of a custodian, collection agent or similar person in relation to such Bonds in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

For the purpose of this summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e. an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident), (ii) a company subject to Belgian corporate income tax (i.e. a company that has its registered office, its main establishment, its administrative seat or its seat of management in Belgium); or (iii) a legal entity subject to Belgian legal entities tax (i.e. an entity other than a company subject to corporate income tax having its registered office, its main establishment, its administrative seat or its seat of management in Belgium).

A non-resident is a person who is not a Belgian resident.

Belgian Withholding Tax on the Bonds

The interest component of payments on the Bonds made by or on behalf of the Issuer is as a rule subject to Belgian withholding tax at a rate of 21 per cent. For Belgian resident individuals, an additional levy of 4 per cent. may apply to the interest on the Bonds.

For Belgian income tax purposes, interest includes (i) periodic interest income, (ii) amounts paid by the issuer in excess of the issue price (upon full or partial redemption, whether or not at maturity, or upon purchase by the Issuer), and (iii) if the Bonds qualify as fixed income securities pursuant to Article 2, §1, 8 of the Belgian Income Tax Code 1992 ("**ITC 1992**"), in case of a sale of the Bonds to any third party, excluding the Issuer, the *pro rata* of accrued interest corresponding to the detention period.

NBB System

The holding of the Bonds in the NBB System (also known as the X/N clearing system) permits most types of investors (the "**Eligible Investors**", see below) to collect interest on their Bonds free of Belgian withholding tax, and to trade their Bonds on a gross basis.

Participants in the NBB System must keep the Bonds they hold for the account of Eligible Investors on an exempt securities account (an "**X-account**"), and those they hold for the account of "**non-Eligible Investors**" on "N-accounts". Payments of interest

made through X-accounts will be made free of Belgian withholding tax; payments of interest made through N-accounts are subject to a withholding tax of 21 per cent., which the NBB deducts from the interest payment and pays over to the tax authorities.

Transfers of Bonds between an X-account and an N-account give rise to certain adjustment payments on account of withholding tax:

A transfer from an N-account to an X-account gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date. A transfer from an X-account to an N-account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date. Transfers of Bonds between two X-accounts do not give rise to any adjustment on account of withholding tax. Transfers of Bonds between two N-accounts give rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date, and to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the same interest amount. These adjustment mechanics are such that parties trading the Bonds on the secondary market, irrespective of whether they are Eligible or non-Eligible Investors, are in a position to quote prices on a gross basis. Currently the main categories of Eligible Investors are as follows:

- Belgian resident corporate investors;
- corporate investors who are non-residents of Belgium, whether they have a permanent establishment in Belgium or not;
- individuals who are non-residents of Belgium, unless their holding of the Bonds is connected to a permanent establishment they have in Belgium; and
- non incorporated foreign collective investment schemes (such as *fonds de placement / beleggingsfondsen*) whose units are not publicly offered or marketed in Belgium.

(The above categories summarise the detailed definitions contained in Article 4 of the Belgian royal decree of 26 May 1994, to which investors should refer for a precise description of the relevant eligibility rules.)

The main categories of non-Eligible Investors are as follows:

- Belgian resident individuals;
- Belgian OFPs (organisation for the financing of pensions);
- Belgian non profit organisations; and
- non incorporated Belgian collective investment schemes (*fonds de placement / beleggingsfondsen*) and similar foreign funds whose units are publicly offered or marketed in Belgium.

When opening an X-account for the holding of Bonds or other Bonds held in the NBB System, an Eligible Investor will be required to certify its eligible status on a standard form approved by the Belgian Minister of Finance and send it to the financial institution

where this account is kept. This statement need not be periodically reissued (although Eligible Investors must update their certification should their eligible status change). Different identification requirements apply to investors who are non-residents of Belgium and keep their Bonds on a securities account through Euroclear or Clearstream, Luxembourg.

Interest, Capital Gains and Income Tax

Belgian resident individuals

For individuals who are Belgian residents for tax purposes, who are holding the Bonds as a private investment, and who opt to submit the interest on the Bonds, in addition to the withholding tax of 21 per cent., to an additional levy of 4 per cent. withheld at source, the taxes withheld fully discharge them from their personal income tax liability with respect to these interest payments. This means that they do not have to declare the interest obtained on the Bonds in their personal income tax return.

For individuals who are Belgian residents for tax purposes, who are holding the Bonds as a private investment, and who do not opt to submit the interest on the Bonds, in addition to the withholding tax of 21 per cent., to an additional levy of 4 per cent. withheld at source, the taxes withheld do not fully discharge them from their personal income tax liability with respect to these interest payments. In such case, the interest amount on the Bonds will be communicated to a special contact centre operated by the competent service of the Belgian tax administration who may exchange certain information to the Belgian tax authorities, and the individual will need to declare the interest amount in its personal income tax return. The interest amount so declared will normally be taxed at the interest withholding tax rate of 21 per cent. plus local surcharges (however, the Belgian federal government has approved a draft bill which, if adapted, would result in an exemption from these surcharges) or at the progressive personal income tax rates plus local surcharges taking into account the taxpayer's other declared income (whichever is lower).

If the gross amount of all interest and dividend income declared and/or communicated to the contact centre, exceeds EUR 20,020 on a yearly basis (threshold applicable for assessment year 2013, income year 2012), the interest declared on the Bonds exceeding this threshold will be subject to an additional levy of 4 per cent. in the personal income tax declaration. Certain specific categories of interest and dividends are exempt and not taken into consideration in order to calculate whether the threshold is exceeded. Some other categories of interest and dividends are exempt, but are taken into consideration in order to calculate whether the threshold is exceeded.

If the interest payment is declared, the withholding tax retained and, if applicable, the additional levy of 4 per cent., may be credited.

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as defined in the section "*Belgian Withholding Tax*"). Capital losses realised upon the disposal of the Bonds held as non-professional investment are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Bonds as a private investment.

Belgian resident companies

Interest attributed or paid to corporations Bondholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian Corporate Income Tax (*impôt des sociétés / vennootschapsbelasting*), as well as capital gains realised upon the sale of the Bonds are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. Capital losses realised upon the sale of the Bonds are in principle tax deductible.

Belgian legal entities

Belgian legal entities subject to the Belgian legal entities tax (*impôt des personnes morales / rechtspersonenbelasting*) which do not qualify as Eligible Investors (as defined in the section "*Belgian Withholding Tax*") are subject to a withholding tax of 21 per cent. on interest payments. The withholding tax constitutes the final taxation.

Belgian legal entities which qualify as Eligible Investors (as defined in the section "*Belgian Withholding Tax*") and which consequently have received gross interest income are required to pay the withholding tax themselves.

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains qualify as interest (as defined in the section "*Belgian Withholding Tax*"). Capital losses are in principle not tax deductible.

Organisations for financing pensions

Interest derived by Bondholders on the Bonds and capital gains realised on the Bonds will be exempt from Belgian Corporate Income Tax. Subject to certain conditions, any Belgian withholding tax levied on the interest will be fully creditable against any corporate income tax due and any excess amount will in principle be refundable.

Belgian non-residents

Bondholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Bonds through their permanent establishment in Belgium and do not invest the Bonds in the course of their Belgian professional activity, will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Bonds **provided that** they qualify as Eligible Investors and that they hold their Bonds in an X-Account.

If the Bonds are not entered into an X-account by the Eligible Investor, withholding tax on the interest is in principle applicable at the current rate of 21 per cent., possibly reduced pursuant to a tax treaty, on the gross amount of the interest.

Tax on stock exchange transactions

A stock exchange tax (*Taxe sur les opérations de bourse / Taks op de beursverrichtingen*) will be levied on the purchase and sale in Belgium of the Bonds on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of EUR 650 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

However, the tax referred to above will not be payable by exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126/1,2° of the Code of various duties and taxes (*Code des droits et taxes divers / Wetboek diverse rechten en taksen*).

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Certain Luxembourg taxations considerations

The following is based on the laws presently in force in Luxembourg and is subject to any change that may come into effect after that date, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. In addition, any reference to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal

business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

A holder of Bonds may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of the Bonds, or the execution, performance, delivery and/or enforcement of the Bonds.

Taxation of the Holders of the Bonds

Withholding Tax

Non-resident holders of Bonds

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended (the “Laws”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Bonds, nor on accrued but unpaid interest in respect of the Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Bonds held by non-resident holders of Bonds.

Under the Laws implementing the Savings Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the “Territories”), payments of interest, as defined by the Laws, made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest, as defined by the Laws, to the fiscal authorities of the paying agent, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Bonds coming within the scope of the Laws would at present be subject to a withholding tax of 35%.

Resident holders of Bonds

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the “Law”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Bonds, nor on accrued but unpaid interest in respect of Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Bonds held by Luxembourg resident holders of Bonds.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg

paying agent. Payments of interest under the Bonds coming within the scope of the Law would be subject to a withholding tax of 10%.

Income Taxation

Non-resident holders of Bonds

A non-resident holder of Bonds, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Bonds are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Bonds. A gain realised by such non-resident holder of Bonds on the sale or disposal, in any form whatsoever, of the Bonds is further not subject to Luxembourg income tax.

A non-resident corporate holder of Bonds or an individual holder of Bonds acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which/whom such Bonds are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Bonds and on any gains realised upon the sale or disposal, in any form whatsoever, of the Bonds.

Resident holders of Bonds

A corporate holder of Bonds must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Bonds, in its taxable income for Luxembourg income tax assessment purposes.

A corporate holder of Bonds that is governed by the law of 11 May, 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, or by the law of 13 February 2007 on specialised investment funds, as amended, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Bonds.

An individual holder of Bonds, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Bonds, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual holder of the Bonds has opted for the application of a 10% tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Savings Directive. A gain realised by an individual holder of Bonds, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Bonds is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Bonds were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income or assimilated thereto (e.g., issue discount, redemption premium, etc..) is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

An individual holder of Bonds acting in the course of the management of a professional or business undertaking must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Bonds in its taxable basis for income tax purposes. If applicable, the tax levied in accordance with the Law will be credited against his/her final tax liability.

Net Wealth Taxation

A corporate holder of Bonds, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Bonds are attributable, is subject to Luxembourg wealth tax on such Bonds, except if the holder of Bonds is governed by the law of 11 May, 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, or by the law of 13 February 2007 on specialised investment funds, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

An individual holder of Bonds, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Bonds.

Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Bonds will give rise to any Luxembourg registration tax or similar taxes.

However, a nominal registration duty may be due upon the registration of the Bonds in Luxembourg in the case of legal proceedings before Luxembourg courts or in case the Bonds must be produced before an official Luxembourg authority, or in case of a registration of the Bonds on a voluntary basis.

Where a holder of Bonds is a resident of Luxembourg for tax purposes at the time of his/her death, the Bonds are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Bonds if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

SUBSCRIPTION AND SALE

Banco Santander S.A., Credit Agricole CIB, Fortis Bank SA/NV (acting under its commercial name BNP Paribas Fortis), ING Belgium SA/NV, KBC Bank NV and Lloyds TSB Bank plc (the "**Managers**") have, in a subscription agreement dated 3 September 2012 (the "**Subscription Agreement**") and made between the Issuer, each Original Guarantor and the Managers upon the terms and subject to the conditions contained therein, severally agreed to use best efforts to solicit and receive offers from third parties to subscribe for the Bonds at the Issue Price in a minimum amount of EUR 100,000,000 and a maximum amount of EUR 400,000,000.

This section contains the Terms of the Public Offer of the Bonds to be made by the Placing Bookrunners. An Investor intending to acquire or acquiring any Bonds from an Authorised Offeror (other than the Placing Bookrunners) will do so, and offers and sales of the Bonds to an Investor by any such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor. Neither the Issuer nor any Guarantor will be a party to any such arrangements with Investors (other than Placing Bookrunners) in connection with the offer or sale of the Bonds and, accordingly, this Prospectus will not contain such information. The Terms and Conditions of any Public Offer made by any Authorised Offeror other than any Placing Bookrunners shall be provided to Investors by that Authorised Offeror at the relevant time. None of the Issuer, the Guarantor, any of the Joint Lead Managers or other Authorised Offerors has any responsibility or liability for such information.

Offer Period

The Bonds will be offered to the public in Belgium and in Luxembourg (the "**Public Offer**"). The Bonds will be issued on 27 September 2012 (the "**Issue Date**"). However, in case a supplement to the Prospectus gives rise to withdrawal rights exercisable on or after the Issue Date of the Bonds in accordance with Article 34 of the Belgian law of 16 June 2006 on the public offer of securities (*Wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereguleerde markt / Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés*) (the "**Belgian Prospectus Law**"), the Issue Date will be postponed until the date falling two Brussels Business Days (in each case, as defined in the Conditions of the Bonds) following the last day on which the withdrawal rights may be exercised in accordance with applicable law. In case the Issue Date cannot be postponed, for any reason whatsoever, therefore impeding the exercise of the withdrawal rights, the Placing Bookrunners (as defined below) have agreed to take the necessary measures in order to ensure the repayment of the Retail Investors and to include detailed information in this regard in the notification regarding the publishing of the supplement.

After having read the entire Prospectus, interested persons may subscribe for the Bonds through the branches or the phone or home/computer banking services of BNP Paribas Fortis (including BGL BNP Paribas), ING Belgium and KBC Bank (including CBC SA) the "**Placing Bookrunners**"), and their respective subsidiaries. Interested persons may also subscribe for Bonds through agents or any financial intermediaries in Belgium and

in Luxembourg. When subscribing through such other agent or financial intermediaries, investors must obtain information concerning the commission and/or fees that the financial intermediaries will charge. Such commission and/or fees will customarily be borne by the respective Subscribers.

Other than in case of an oversubscription (as set out under "*Over-subscription in the Bonds*" below), any person who has validly subscribed for Bonds (a "**Subscriber**") will receive 100 per cent. of the amount of Bonds for which such person validly subscribed during the Offer Period (as may be early terminated). Any Subscriber will be notified of the amount of Bonds that are allocated to it by the financial intermediary through which it subscribed for the Bonds in accordance with the arrangements in place between such financial intermediary and the Subscriber.

Conditions to which the Public Offer is subject

The Public Offer, and the issue of the Bonds, is subject to a limited number of conditions set out in the Subscription Agreement. These are customary for this type of transaction, and include, amongst others: (i) the correctness of the representations and warranties made by the Issuer and each Guarantor in the Subscription Agreement, (ii) the Subscription Agreement, the Clearing Agreement, the Trust Deed and the Agency Agreement having been executed by all parties thereto prior to the Issue Date, (iii) the admission to trading of the Bonds on the regulated market of the NYSE Euronext Brussels having been granted on or prior to the Issue Date, (iv) there having been, as at the Issue Date, no material adverse change (as described in the Subscription Agreement) affecting the Issuer, any Guarantor or any of their respective Subsidiaries (v) the Issuer and the Guarantors having performed all the obligations to be performed by it under the Subscription Agreement on or before the Issue Date (v) no financial markets change (as described in the Subscription Agreement) having occurred, (vi) no force majeure having been invoked by the Managers as determined on their discretion and (vi) at the latest on the Issue Date, the Managers having received customary confirmations as to certain legal and financial matters pertaining to the Issuer.

These conditions can be waived (in whole or in part) by the Managers. The Subscription Agreement does not entitle the Managers to terminate their obligations prior to payment being made to the Issuer, except in certain limited circumstances. If the conditions are not fulfilled and not waived, the Bonds will not be issued and the total amount of funds already paid by investors for the Bonds will be returned.

Issue Price

The issue price for any Bond to be subscribed for by any subscribers that are not qualified investors (as defined in the Belgian Prospectus Law, the "**Qualified Investors**") (the "**Retail Investors**") will, expressed as a percentage, be 101.00 per cent of the aggregate nominal amount of such Bond, and for any Bond to be subscribed for by Qualified Investors will be a percentage between 99.125 per cent. and 101.00 per cent. of the aggregate nominal amount of such Bond as may be determined by the Managers in their discretion by reference to (i) the evolution of the credit spreads relevant to the Issuer or the Group), (ii) the evolution of interest rates, (iii) the level of demand for the Bonds as observed by the Joint Lead Managers, and (iv) the amount of Bonds validly subscribed for by such Qualified Investor.

The gross actuarial yield of the Bonds is 4.755 per cent. on an annual basis. The yield is calculated as at 27 September 2012 on the basis of the Issue Price for Retail Investors. It is not an indication of future yield.

The minimum amount of Bonds for which a Subscriber can subscribe is EUR 1,000. The maximum amount is the aggregate nominal amount of Bonds to be issued.

Aggregate Nominal Amount

The expected minimum nominal amount of the issue amounts to EUR 100,000,000 and the maximum amount of the issue is EUR 400,000,000.

The aggregate nominal amount for which Bonds will be issued will be determined by the Issuer in consultation with the Managers by reference to the following criteria: (i) evolutions in interest rates and the credit spreads relevant to the Issuer or the Group and (ii) the demand perceived by the Managers for the Bonds and the amount of Bonds for which subscriptions have been validly received by the Managers.

The final aggregate nominal amount for which Bonds will be issued shall be published as soon as possible after the end (or the early termination) of the Offer Period by the Issuer and the Placing Bookrunners on their respective websites.

Payment date and details

Payment for the Bonds will be due on the Issue Date, and can only occur by means of debiting of a current account.

On the Issue Date, the NBB System will credit the Bonds on the account of the Agent with the Clearing System in accordance with NBB System Regulations. Subsequently, the Agent will, on the same date, credit the Bonds in the amounts for which they are subscribed to the accounts of the relevant participants to the Clearing System for onward distribution to the Subscribers, in accordance with the operating rules of the NBB System.

Cost and fees and net proceeds

The following fees will be charged to, and borne by, the Subscribers:

- Retail Investors subscribing through any Placing Bookrunner will bear a selling and distribution commission of 1.00 per cent. (the "**Retail Investor Commission**"); and
- Qualified Investors will bear a distribution commission that will range between 0 per cent. and 1.00 per cent. (the "**Qualified Investor Commission**").

The Retail Investor Commission and the Qualified Investor Commission are included in the Issue Price applicable to respectively Retail Investors and Qualified Investors.

The remaining part of the selling and distribution commission in an amount of 0.875 per cent. for Bonds placed with Retail Investors (the "**Issuer Retail Commission**") and in an amount of 0.875 per cent. for Bonds placed with Qualified Investors will be borne by the Issuer (the "**Issuer Qualified Investor Commission**"). If the Issue Price applicable in respect of Bonds placed with Qualified Investors is between 99.125 per cent. and 100

per cent, the amount of the Issuer Qualified Investor Commission due in respect of such Bonds will be decreased with the difference between 100 per. cent. and such Issue Price.

The Issuer will pay a structuring fee to the Managers in an amount equal to 0.55 per cent. of the aggregate nominal amount of Bonds issued as consideration for the arrangement and structuring of the issue of the Bonds by the Managers (the "**Structuring Fee** ").

The net proceeds (before deduction of expenses) will be the aggregate of:

- the aggregate nominal amount of Bonds subscribed for by Retail Investors multiplied by the Issue Price expressed as a percentage minus (i) the Retail Investor Commission, (ii) the Issuer Retail Commission and (iii) the Structuring Fee in respect of such Bonds; and
- the aggregate nominal amount of Bonds subscribed for by Qualified Investors multiplied by the Issue Price (increased or decreased by the applicable margin or discount) expressed as a percentage minus (i) the Qualified Investor Commission, (ii) the Issuer Qualified Investor Commission and (iii) the Structuring Fee in respect of such Bonds.

Financial services

The financial services in relation to the Bonds will be provided free of charge by the Managers. Subscribers must inform themselves about the costs the other financial institutions might charge them.

Custody fees in relation to the Bonds are charged to the Subscribers. Subscribers must inform themselves about the costs their financial institutions might charge them.

Bondholders should be aware that additional costs and expenses may be due to the relevant financial intermediary upon exercising the put option referred to Condition 5(c) (*Redemption at the option of Bondholders following a Change of Control*) through a financial intermediary (other than the Agent).

Early termination of the Offer Period

Early termination of the Offer Period will occur at the earliest on 6 September 2012 at 5.30 pm (Brussels time) (the minimum Offer Period is referred to as the "**Minimum Offer Period**") (this is the third Brussels Business Day from the day on which the Prospectus has been made available on the websites of the Issuer and the Placing Bookrunners (including the day on which the Prospectus was made available)). Accordingly, the Offer Period will remain open for at least one Brussels Business Day until 5.30 pm.

Thereafter, early termination of the Offer Period may occur at any moment (including in the course of a business day). In the event of an early termination of the Offer Period, a notice will be published as soon as possible on the websites of the Issuer and the Placing Bookrunners. This notice will specify the date and hour of the early termination.

The Offer Period may be terminated early by the Issuer (with the consent of the Managers) as soon as on the following circumstances occurs: (i) the aggregate nominal amount of Bonds for which subscriptions have been validly received exceeds EUR

100,000,000, (ii) a financial markets changes occurs (as described in the Subscription Agreement), or (iii) a material adverse change (as described in the Subscription Agreement) affecting the Issuer or any Guarantor or any of their respective Subsidiaries.

In case the Offer Period is terminated early as a result of the occurrence of an event described under (ii) and (iii) in the preceding sentence and the aggregate nominal amount for which subscriptions have been validly received does not yet exceed EUR 100,000,000, the Issuer will publish a supplement to the Prospectus in respect of the occurrence of such event (see page 4 of the Prospectus for further information with respect to the publication of supplements to the Prospectus). In such case, the Issuer may, with the consent of the Managers, decide to limit the aggregate nominal amount for which Bonds will be issued.

The Offer Period may be terminated by the Managers at any time after 5.30 PM on the first Brussels Business Day if the Managers have received notice from the Issuer of the aggregate nominal amount of Bonds to be issued and the Managers have received valid subscriptions for an aggregate nominal amount of Bonds that is at least equal to such aggregate nominal amount.

The Issuer has reserved the right not to proceed with the issue of the Bonds if at the end of the Offer Period, the aggregate nominal amount of the Bonds that have been subscribed for is lower than EUR 100,000,000.

In addition, the offer is subject to specific conditions negotiated between the Managers and the Issuer that are included in the Subscription Agreement, and in particular, the obligations of the Managers under the Subscription Agreement could terminate, *inter alia*, as set out above.

Allocation

On the basis of an aggregate nominal amount of Bonds to be issued of EUR 400,000,000, each of BNP Paribas Fortis, ING Belgium and KBC Bank is entitled to procure the subscription by Retail Investors through its own retail and private banking network of an amount of EUR 100,000,000 of Bonds to be issued (or 25% of the aggregate total nominal amount) (this amount of EUR 100,000,000 is also referred to as the "**Basic Allocation**" of each Placing Bookrunner, and all Bonds which are subscribed for by Retail Investors are referred to as the "**Retail Bonds**").

The Managers are together entitled to procure the subscription by third party distributors and other Qualified Investors (the "**QI Bonds**" of an amount of EUR 100,000,000 of Bonds to be issued (or 25% of the aggregate total nominal amount) (the "**QI Allocation**").

Any Placing Bookrunner that has received valid subscriptions for an amount of Bonds equal to its Basic Allocation will immediately inform the Issuer and the other Placing Bookrunners. Any subscription from a Retail Investor validly made with a Placing Bookrunner before the end of the Minimum Offer Period will be taken into account when the Bonds are allocated (although the nominal amount of Bonds that will be allocated to such Subscriber may be less than the amount for which it has subscribed (in which respect please refer to "*Oversubscription*" below)). As from the end of the Minimum Offer Period, each Placing Bookrunner may publish a notice on its website to inform its clients that it will no longer accept subscriptions for Bonds. Any such Placing

Bookrunner will send the same notification to the other Managers and the Issuer. The Issuer shall publish such notice on its website as soon as possible. This process will enable persons interested to subscribe for the Bonds to know which Placing Bookrunners still accept subscriptions for Bonds.

If at 5.30 PM of the first Brussels Business Day of the Offer Period (i) any Placing Bookrunner has received valid subscriptions for an aggregate nominal amount of Bonds less than the amount of its Basic Allocation (the remaining Bonds, the "**Unplaced Bonds**"), and (ii) any other Placing Bookrunner has received valid subscriptions for an aggregate nominal amount of Bonds equal to or higher than its Basic Allocation, then, subject to the consent of the Issuer, the Placing Bookrunner(s) who has received valid subscriptions for an aggregate nominal amount of Bonds equal to or higher than its Basic Allocation, will have the right, but not the obligation, to procure the subscription of the Unplaced Bonds with Retail Investors. In case there is more than one such Placing Bookrunner(s), each of them shall have the right to procure the subscription of a percentage of the Unplaced Bonds pro rata to the valid subscriptions received from Retail Investors by each such Placing Bookrunner (such additional allocation, the "**First Additional Allocation**"). In case no such Placing Bookrunner(s) exercises this right, or in case after the exercise of such right by such Placing Bookrunner(s) valid subscriptions have not been received from Retail Investors for the full amount of the Unplaced Bonds, the Managers are, with the consent of the Issuer, entitled to procure the subscription of such remaining Unplaced Bonds by third party distributors and other Qualified Investors for a maximum aggregate nominal amount equal to the lower of (i) the aggregate nominal amount of such remaining Unplaced Bonds and (ii) the aggregate nominal amount of QI Bonds for which subscriptions have been validly received by the Managers less the amount of the QI Allocation (the "**Additional QI Allocation**").

If the Managers have not received valid subscriptions from distributors and Qualified Investors for the full amount of the QI Allocation at 5.30 PM on the first Brussels Business Day of the Offer Period, then, subject to the consent of the Issuer, each Placing Bookrunner shall, upon its request, be granted an equal part of the unplaced QI Bonds (the "**Second Additional Allocation**" and, together with the First Additional Allocation, the "**Additional Allocation**") for which it is entitled to procure the subscription by Retail Investors.

If the Managers have received valid subscriptions from distributors and Qualified Investors for the full amount of the QI Allocation (increased, as the case may be, with the Additional QI Allocation or decreased, as the case may be, with the Second Additional Allocation, at 5.30 PM of the first Brussels Business Day of the Offer Period, then the allocation of such QI Bonds to distributors and other Qualified Investors will take place at the end of such first Brussels Business Day in accordance with the above.

If at 4 PM on any day of the Offer Period (other than the first Brussels Business Day of the Offer Period) (i) one or more Placing Bookrunners has received valid subscriptions for an aggregate nominal amount of Bonds less than their Basic Allocation (increased or decreased, as the case may be, with any Additional Allocation), and (ii) one of the Placing Bookrunners has received valid subscriptions for an aggregate nominal amount of Bonds equal to or higher than its Basic Allocation (increased or decreased, as the case may be, with any Additional Allocation), then, subject to the consent of the Issuer, the Placing Bookrunner(s) who has received valid subscriptions for an aggregate nominal amount of Bonds equal to or higher than its Basic Allocation (increased or

decreased, as the case may be, with any Additional Allocation), will have the right, but not the obligation, to procure the subscription of the remaining Bonds with Retail Investors. In case there is more than one such Placing Bookrunner(s), each of them shall have the right to procure the subscription of a percentage of the remaining Bonds pro rata to the valid subscriptions received from Retail Investors by each such Placing Bookrunner.

Subject as indicated sub "*Early termination of the Offer Period*" above, the Offer Period will only be early terminated in case all the Placing Bookrunners have placed their allotment of Bonds (as increased or after redistribution of the allotment as set out herein).

Oversubscription

In case a Placing Bookrunner has received valid subscriptions for an amount of Bonds in excess of the amount of Bonds for which such Placing Bookrunner is entitled to procure the Subscription, a Subscriber that has subscribed for Bonds through such Placing Bookrunner may be allocated Bonds for an amount less than the amount for which it has subscribed. The amount of each relevant subscription validly received by such Placing Bookrunner will be scaled back in accordance with the criteria applied for such reduction by each Placing Bookrunner that relate, among others, to the total amount of Bonds for which such Placing Bookrunner has validly received subscriptions. Any such reduction will reduce the aggregate nominal amount for which Bonds are allocated to a Subscriber to a multiple of EUR 1,000 and, to the extent possible, a minimum nominal amount of Bonds of EUR 1,000. As the denomination of the Bonds is EUR 1,000, amounts lower than EUR 1,000 cannot be allocated to investors.

In case of oversubscription or early termination of the Offer Period, Subscribers may have different reduction percentages applied in respect of the amount of Bonds subscribed by them depending on the Placing Bookrunner through which they have subscribed. Subscribers will be informed regarding the number of Bonds that have been allotted to them as soon as possible after the date of the early termination of the Offer Period.

The Managers shall in no manner whatsoever be responsible for the allotment criteria that will be applied by other financial intermediaries.

Any payment made by a Subscriber to the Bonds in relation to the subscription of Bonds that are not allocated to such Subscriber as set out above, will be refunded within 7 Business Days (as defined in the Conditions of the Bonds) after the date of payment in accordance with the arrangements in place between the relevant Subscriber and the relevant financial intermediary. The relevant Subscriber shall not be entitled to any interest in respect of such payments.

Results of the Public Offer

The results of the offer of the Bonds (including its net proceeds) shall be published as soon as possible after the end of the Offer Period and on or before the Issue Date, by the Issuer, on its website within the section addressed to investors (www.etexgroup.com), and on the website of the Placing Bookrunners, BNP Paribas Fortis (including BGL BNP Paribas) (www.bnpparibasfortis.be (sub "save and invest"), ING Belgium (www.ing.be (sub "Investments – Bonds") and KBC Bank (including CBC SA)

(www.kbc.be). The same method of publication will be used to inform investors in case of early termination of the Offer Period.

Expected timetable of the Public Offer

The main steps of the timetable of the Public Offer can be summarised as follows:

- 4 September 2012: publication of the Prospectus on the website of the Issuer;
- 6 September 2012, 9.00 a.m. (Brussels time): opening date of the Offer Period;
- 20 September 2012, 4.00 p.m. (Brussels time): closing date of the Offer Period (if not closed earlier);
- Between 20 September 2012 and 27 September 2012: expected publication date of the results of the offer of the Bonds (including its net proceeds), unless published earlier in case of early closing; and
- 27 September 2012: Issue Date and listing of the Bonds on the NYSE Euronext Brussels and admission to trading of the Bonds on the regulated market of the NYSE Euronext Brussels.

The dates and times of the Public Offer and periods indicated in the above timetable and throughout this Prospectus may change. Should the Issuer decide to amend such dates, times or periods, it will inform investors through a publication in the financial press. Any material alterations to this Prospectus are to be approved by the FSMA, and will be, in each case as and when required by applicable law, published in a supplement to this Prospectus.

Costs

Each Subscriber shall make his own enquiries with his financial intermediaries on the related or incidental costs (transfer fees, custody charges, etc.), which the latter may charge him with.

Transfer of the Bonds

Subject to compliance with any applicable selling restrictions, the Bonds are freely transferable. See also "*Selling Restrictions*" below.

Selling Restrictions

Public Offer Selling Restriction Under The Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in Belgium and Luxembourg from the time the Prospectus has been approved by the competent authority in Belgium and published and notified to the relevant competent authority) in accordance with the Prospectus Directive until 20 September 2012, or such

later date as the Issuer may permit, and provided that the Issuer has consented in writing to use of the Prospectus for any such offers, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

- (a) *Qualified investors*: to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 100 offerees*: to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Bonds shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Manager has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or any Original Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

United States of America

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of

the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

General

Each Manager has represented, warranted and agreed that it has, to the best of its knowledge, complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses, distributes or publishes this Prospectus or any other offering material relating to the Bonds. Persons into whose hands this Prospectus comes are required by the Issuer, the Original Guarantors and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or possess, distribute or publish this Prospectus or any other offering material relating to the Bonds, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Bonds has been authorised by a resolution of the Board of Directors of the Issuer dated 30 August 2012. The giving of the Guarantee of the Bonds has been authorised by a resolution of the Board of Directors of Etex SA on 21 June 2012 and by a resolution of the Board of Directors of each other Original Guarantor dated 30 August 2012.

Condition 5(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) of the Terms and Conditions of the Bonds may only be effective against respectively, the Issuer and each of the Guarantors established in Belgium, under Belgian law if and when (i) the terms of Condition 5(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) of the Terms and Conditions of the Bonds have been approved by the shareholders of the Issuer and the relevant Guarantor incorporated or established in Belgium in a general shareholders' meeting, and (ii) such resolution has been filed with the Clerk of the Commercial Court of Brussels (*griffie van de rechtbank van koophandel/greffe du tribunal de commerce*).

Condition 5(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) of the Terms and Conditions of the Bonds has been approved by the shareholders of the Issuer, Promat International NV and Eternit NV through a unanimous written shareholders resolution dated 30 August filed with the competent commercial courts (*griffie van de rechtbank van koophandel/greffe du tribunal de commerce*) on 3 September 2012. The annual general shareholders' meeting of Etex SA/NV to take place before 31 December 2012, will be requested to approve, the terms of Condition 5(c) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*) of the Terms and Conditions of the Bonds in accordance with Belgian law. The resolution to approve these terms requires an approval of more than 50 per cent. of the votes cast at the general shareholders' meeting and does not have a quorum requirement. There can be no assurance that such approval will be granted at such meeting.

Information from third parties

2. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain, to its reasonable knowledge, from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect. The source of third party information is identified where used.

Legal and Arbitration Proceedings

3. Except as disclosed in the Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or any Original Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a

significant effect on the financial position or profitability of the Issuer or any Original Guarantor or the Group.

Significant/Material Change

4. Since 31 December 2011 there has been no material adverse change in the prospects of the Issuer or the Group nor any significant change in the financial or trading position of the Issuer or the Group. Since 31 December 2011 there has been no material adverse change in the prospects of any Original Guarantor or any Original Guarantor nor any significant change in the financial or trading position of any Original Guarantor. Reference is made to the discussion of the recent Turin court case under section 9.6 of "Description of the Issuer and the Group" on page 117.

Auditors

5. The consolidated financial statements of the Group and the unconsolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2010 and 31 December 2011 by Ernst & Young Reviseurs d'Entreprises SCCRL, Registered Auditors, represented by Mr. Eric Golenvaux (member of the *Institut des Réviseurs/Instituut der Bedrijfsrevisoren*).

Documents on Display

6. Copies of the following documents may be inspected during normal business hours at the offices of the Issuer for 12 months from the date of this Prospectus:
 - (a) the constitutive documents of the Issuer;
 - (b) the constitutive documents of each Original Guarantor;
 - (c) the Agency Agreement and the Trust Deed;
 - (d) the audited consolidated financial statements of the Group for the years ended 31 December 2010 and 31 December 2011; and
 - (e) the audited unconsolidated financial statements of the Issuer for the years ended 31 December 2010 and 31 December 2011.

Yield

7. On the basis of the issue price of the Bonds of 101.00 per cent. of their principal amount, the gross actuarial yield of the Bonds on the Issue Price at the Standard Rate of Interest, is 4.755 per cent. on an annual basis.

ISIN and common code

8. The Bonds have been accepted for clearance through the NBB System (National Bank of Belgium, X/N Clearing). The ISIN is BE0002187533 and Common Code is 082616543.

Admission to trading

9. Application has been made for the Bonds to be admitted to listing on the official list and trading on the regulated market of NYSE Euronext Brussels.

Rating

10. The Issuer is not rated. The Bonds are not rated, and the Issuer does not intend to request a rating for the Bonds.

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THE ISSUER

Etexco NV
Avenue de Tervueren 361
1150 Brussels
Belgium

THE ORIGINAL GUARANTORS

Etex SA
Avenue de Tervueren 361
B-1150 Brussels
Belgium

E.M. Holdings UK Ltd
1 Suffolk Way
Sevenoaks
Kent TN13 1SD
United Kingdom

Eternit NV
Kuijermansstraat 1
B-1880 Kappelle-op-den-Bos
Belgium

Inversiones Etex Chile Limitada
Avenida Andrés Bello N°2777, 22nd floor
Las Condes, Santiago
Chile

Merilux S.à.r.l.
42, rue de l'Avenir
L-1147 Luxembourg

Nefibouw B.V.
Van Boshuizenstraat 12
NL-1083BA Amsterdam
The Netherlands

Promat International NV
Bormstraat 24
2830 Willebroek
Belgium

JOINT LEAD MANAGERS

Banco Santander, S.A.
Ciudad Grupo Santander
Edificio Encinar
Avenida de Cantabria
28660, Boadilla del Monte
Madrid
Spain

Fortis Bank NV/SA
Montagne du Parc 3
B-1000 Brussels
Belgium

Credit Agricole CIB
9, quai du Président Paul
Doumer
92920 Paris La Defense
Cédex
France

ING Belgium SA/NV
Avenue Marnix 24
B-1000 Brussels
Belgium

KBC Bank NV
Havenlaan 2
B-1080 Brussels
Belgium

Lloyds TSB Bank Plc
10 Gresham Street
London EC2V 7AE
United Kingdom

LISTING AGENT, PAYING AGENT AND DOMICILIARY AGENT

ING Belgium NV/SA

Avenue Marnix 24
B-1000 Brussels
Belgium

TRUSTEE

BNP Paribas Trust Corporation UK Limited

55 Moorgate
London
EC2R 6PA
United Kingdom

LEGAL ADVISERS

*To the Issuer and the Guarantors as to English
law:*

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

*To the Issuer and the Guarantors as to
Belgian law:*

Allen & Overy LLP
Uitbreidingstraat 80
B-2600 Antwerp
Belgium

*To the Managers and the Trustee as to English
law:*

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Managers as to Belgian law:

Clifford Chance LLP
Avenue Louise 65, Box 2
1050 Brussels
Belgium

AUDITORS TO THE ISSUER AND THE GROUP

Ernst & Young SCCRL

De Kleetlaan 2
B-1813 Diegem
Belgium