JELD-WEN ApS

DANMARKSVEJ 9, 9670 LØGSTØR

ANNUAL REPORT
1. JANUAR - 31. DECEMBER 2017

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 21 June 2018

Simon David Whittaker

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COMPANY DETAILS

Company	Jeld-Wen ApS	
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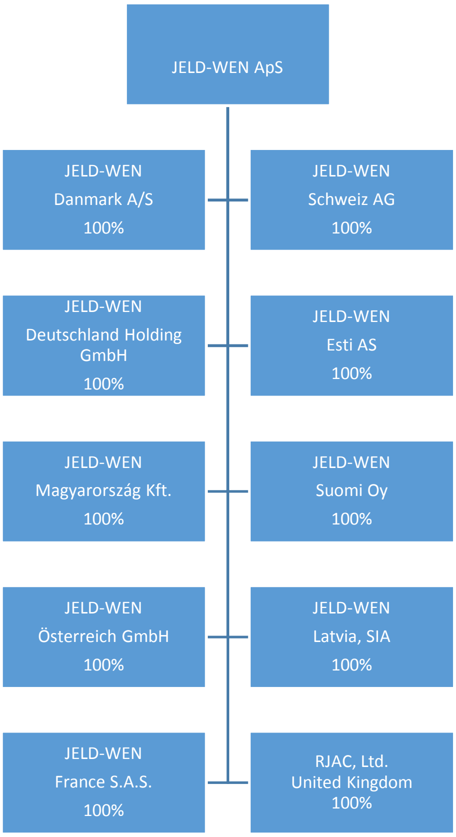
	Telephone:	+4570130530
	Telefax:	+4570130531
	Website:	www.jeld-wen.biz
	CVR no.:	10 27 68 02
	Financial Year:	1 January - 31 December
Board of Directors	Peter Willis Maxwell, Chairman	
	John Raymond Linker	
	Lawrence Brooks Mallard	
Board of Executives	Simon David Whittaker	
Auditor	PricewaterhouseCoopers	
	Statsautoriseret Revisionspartnerselskab	
	Plantanvej 4	
	7400 Herning	

GROUP STRUCTURE



** The chart illustrates the overall Group structure as of December 31st 2017. The Group has more subordinate subsidiaries and associated companies than illustrated in the chart.*

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

The Supervisory Board and the Executive Board have discussed and approved the annual report of 1 January - 31 December 2017 for JELD-WEN ApS.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2017.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Løgstør, 21 June 2018

Board of Executives

Simon David Whittaker

Board of Directors

Peter Willis Maxwell Chairman	John Raymond Linker	Lawrence Brooks Mallard

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JELD-WEN ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of JELD-WEN ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.
Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 21 June 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Michael Nielsson State Authorised Public Accountant Mne15151	Hans Jørgen Andersen State Authorised Public Accountant Mne30211

FINANCIAL HIGHLIGHTS OF THE GROUP

	2017	2016	2015	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue	6.904.436	6.803.630	6.717.339	6.246.568	6.015.249
Gross profit/loss	1.821.366	1.774.879	1.654.619	1.447.769	1.303.430
Operating profit/loss	550.888	385.469	273.239	202.941	260.005
Financial income and expenses, net	-83.897	-74.447	-89.744	-85.924	-67.877
Profit/loss for the year	373.377	386.332	176.623	34.601	-14.535
Balance sheet					
Balance sheet total	4.796.511	4.422.157	4.377.247	4.102.905	3.969.956
Equity	1.538.946	1.201.070	904.475	702.944	541.742
Cash flows					
Cash flows from operating activities	665.511	628.828	208.021	471.478	282.474
Cash flows from investment-related activities	-267.274	-119.281	-225.745	-171.389	-102.795
Cash flows from financing activities	1.985	-228.053	-28	-123.477	-159.080
Total cash flows	400.222	281.494	-17.752	176.612	20.599
Investment in tangible fixed assets	-130.535	-102.767	-158.128	-163.871	-118.470
Average number of full-time employees	**6.572**	**6.354**	**6.322**	**6.418**	**6.310**
Ratios					
Gross margin	26,4	26,1	24,6	23,2	21,7
Profit margin	8,0	5,7	4,1	3,2	4,3
Solvency ratio	32,1	27,2	20,7	17,1	13,6
Return on equity	27,7	36,7	22,0	5,6	Neg.

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:

$$\frac{Gross\ profit \times 100}{Net\ revenue}$$

Profit margin:

$$\frac{Operating\ profit/loss\ \times 100}{Net\ revenue}$$

Solvency ratio:

$$\frac{Equity\ ex\ minorities, at\ year\ end \times 100}{Total\ equity\ and\ liabilities, at\ year\ end}$$

Return on equity:

$$\frac{Profit/loss\ after\ tax\ \times 100}{Average\ equity}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

The key figures of the Group has not been adjusted by purchase and sale of companies.

MANAGEMENT'S REVIEW

Principal activities

In November JELD-WEN ApS has started an internal restructuring of the subsidiaries. This restructuring is expected to finish in 2018.

In December 2017 JELD-WEN A/S converted to JELD-WEN ApS.

JELD-WEN ApS Group is Europe leading manufacturer of internal and external door solutions. JELD-WEN ApS Group develops, manufactures and markets a wide range of high quality doors and supplementary products.

The head quarter of JELD-WEN ApS Group is located in Birmingham, UK. The Group includes a number of sales companies in Europe and 25 factories in Denmark, Sweden, Germany, Finland, Estonia, Latvia, Hungary, Austria, Switzerland, France and UK respectively.

Development in activities and financial position

Revenue

The Group’s revenue for the financial year 2017 totals 6,904 MDKK, against 6,804 MDKK the year before corresponding to an increase of 1.5 %.

The growth has taken place on most main markets of the Group although the weakening of the GBP has impacted on the development of the turnover.

Results

The Group has had a continued focus on the funds tied up in the working capital and focus on keeping the investment level at a minimum.

The Supervisory Board considers the result to be satisfactory.

Cash flow

In 2017 the Group has had a cash flow from operations of 665 MDKK, against 629 MDKK in 2016. The cash outflow from investments has been increased from -119 MDKK in 2016 to -267 MDKK in 2017.

Total equity

At the end of 2017 the total equity amounts to 1.539 MDKK against 1.201 MDKK at the end of 2016. The equity ratio has increased from 27.2% to 32.1% at the end of 2017.

Financial risks

As a larger, international company with operations and investments in several countries JELD-WEN ApS Group is exposed to financial risks. The Group’s exchange rate, interest rate, cash flow and credit risks are controlled centrally in the Group.

The Supervisory Board approves the exchange rate, and interest rate policy. In the policy, the statement of the Group’s risks is defined, just as limits have been set for open risks. Furthermore, it has among other things been defined which financial instruments are allowed in connection with the hedging of commercial risks. No speculation is allowed. The Group’s commercial exchange rate, interest rate and cash flow position and hedging are regularly reported to the Supervisory Board.

Exchange rate risks

It is the Group’s policy to hedge the main part of the commercial exchange risks within a 6 months horizon (transaction risks). When stating the open exchange rate risks the volatility of the currencies is taken into consideration. The continuous exchange rate risks of the Group are primarily hedged through the matching of payments in the same currency and the entering of forward contracts.

MANAGEMENT'S REVIEW

Interest rate risks
The Group is primarily financed by intra-group loans and the overall hedging of interest rate risks is thus made in cooperation with the Parent Company.

Cash flow
Funding and management of continuous cash flow are handled centrally in the Group and in collaboration with the Parent Company.

Credit risks
Through the Credit Manager, Europe the Group has adopted a managed approach to credit risk since the expiry of the credit insurance policy in March 2016.

This approach is supported by the JELD-WEN Europe Senior Management Team and is an on-going process.

The Group is not exposed to any major risks beyond agreed credit terms.

Uncertainty connected with recognition or measurement
The tax effect from the transfer to a capacity management service model is connected with some uncertainty in the Group, but management has recognized the tax effect after the best estimate. A provision for the uncertain tax position is recognized as a deferred tax liability. We refer to note 11 page 24.

Development projects
While the Group's products are developed constantly considerable development projects have not been organized during 2017.

Profit/loss for the year compared to future expectations
Profit for the year amounted to 373.4 MDKK against 386.3 MDKK in 2016. The net profit margin was 8.0 % in 2017 against 5.7% in 2016.

Significant events after the end of the financial year
On February 19th 2018 JELD-WEN completed the acquisition of the Domoferm, which was previously announced on October 11th, 2017. Domoferm is a leading European provider of steel doors, steel door frames, and fire doors for commercial and residential markets. Domoferm is based in Gänserndorf, Austria, with over 1,000 employees at four manufacturing sites in Austria, Germany, and the Czech Republic. Domoferm's capabilities in steel frames and doors significantly expand JELD-WEN's current European product range, including in the area of certified door systems.

Future expectations
Maintenance as well as a continuous growth of the activity level on all the main markets of the Group is expected.

Our expectation for 2018 is to be in line with the general market forecast of around 2% for countries where we trade with related profit improvement as result.

The expected result for 2018 depends very much on whether the above mentioned stability can be maintained and the growth within the society, where the JELD-WEN ApS Group is operating, continues. The Supervisory Board is aware of the uncertainties for this and is following the situation closely on all markets. By the means of the readiness to adapt to the market situation and to optimize the capacity and the procurement it is expected that the result for the coming year is going to be on a satisfactory level.

Corporate social responsibility
JELD-WEN Europe has a CSR policy covering the areas described below, but the policy does not cover the specific Danish requirements. JELD-WEN ApS will in the coming year work towards its CSR policy covering Danish requirements.

Corporate social responsibility (continued)

The products of the Group are manufactured in mainly wood and JELD-WEN has therefore during many years been aware of the importance of taking a responsibility in the shape of a sustainable production. This means that the factories of the Group are today to a great extent certified according to the internationally acclaimed standards like FSC and PEFC. JELD-WEN has in 2012 achieved a common European FSC certification concerning every European activity of JELD-WEN. In order to meet these standards it is demanded that we keep our sup-pliers in check and have a position on whom we are doing business with. This is a process which is going to be continued in the coming years.

Having production and sale in a number of European countries raw materials and our finished products are handled and transported over long distances. In that connection we have focus on that our collaborators and transport suppliers also have the same focus on the environment and the minimization of CO2-emissions and other harmful substances.

By taking an active responsibility for procurement, production and transport JELD-WEN helps to take responsibility for the nature and the environment and the society which we are part of.

JELD-WEN operates on many different markets. On a few of these markets there might be a trend towards demands of corruption, bribes or money under the counter. It is the Group's and the Board of Directors' clear position that this is not accepted and JELD-WEN operates always according to the valid rules and regulations on the markets where we are present.

As regards the areas relating to personnel the Group focuses on that it appears as a good and attractive working place. Safety is an important factor and JELD-WEN has global programs and initiatives in order to ensure a focus on this area. Written guide lines of how to create an attractive working environment via confidence and respect among all employees of the Group are an essential part of our vision and strategy for the future. The JELD-WEN ApS Group is part of the bigger JELD-WEN Inc. Group with companies almost worldwide and therefore it is natural for us to be a multicultural Group without any kinds of discrimination.

As regards the remuneration JELD-WEN dialogues and conducts negotiations with the labour unions in several countries and we respect the settlements which are made between the relevant parties. JELDWEN tries furthermore to be part of the local societies nearby where our productions are located. This is among other things characterised by the fact that we on several factories are assisting people to return back on the labour market in the extent which is possible for the people in question. Typically it is a question about people on social security, on sickness benefit as well as our own employees who have got a reduced ability to work. This assignment takes place in collaboration with the local municipalities. Additionally we are working with flexible jobs which persons with a reduced ability to work due to reduced physical, psychical or social causes can apply for.

In total the JELD-WEN ApS Group is attentive to many of the challenges which relate to the corporate social responsibility and we are continuously trying to make improvements in this respect.

Target figures and policies for the underrepresented gender

The JELD-WEN ApS Group has an overall target that the composition of the supervisory board should reflect the diversity of the business.

On the basis of the above JELD-WEN adopted a target to have a minimum of 40% of the board of directors to be women within a period of four years. In 2017 none of the members of the supervisory board are a woman as there has been no changes in the board. Since the target was set in 2013 the target has not been met. On this background JELD-WEN continues with a target to have a minimum of 40% of the board of directors to be women within a new period of four years.

MANAGEMENT'S REVIEW

Target figures and policies for the underrepresented gender (continued)

In order to increase the number of women in the other management levels of the JELD-WEN ApS Group we have initiated a number of activities. We are in an ongoing process of implementing a policy and a number of specific action plans in this area.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent company	
		2017	**2016**	**2017**	**2016**
		DKK '000	**DKK '000**	**DKK '000**	**DKK '000**
NET REVENUE	1	6.904.436	6.803.630	-	-
Production costs	2	-5.083.070	-5.028.751	-	-
GROSS PROFIT		**1.821.366**	**1.774.879**	**-**	**-**
Distribution costs	2	-889.826	-952.549	-	-
Administrative expenses	2,3	-376.486	-432.710	-19.940	-27.624
OPERATING PROFIT		**555.054**	**389.620**	**-19.940**	**-27.624**
Other operating costs		-4.166	-4.151	14.338	22.672
EARNINGS BEFORE INTEREST AND TAX		**550.888**	**385.469**	**-5.602**	**-4.952**
Result of equity investments in group enterprises		-	-	424.628	438.655
Financial income	4	3.937	5.302	28.744	31.477
Financial expenses	5	-87.834	-79.749	-78.780	-74.302
PROFIT BEFORE TAX		**466.991**	**311.022**	**368.990**	**390.878**
Tax on profit/loss for the year	6	-93.614	75.310	4.387	-4.546
PROFIT FOR THE YEAR	7	**373.377**	**386.332**	**373.377**	**386.332**

BALANCE SHEET AT 31 DECEMBER

		Group		Parent company	
		2017	**2016**	**2017**	**2016**
		DKK '000	**DKK '000**	**DKK '000**	**DKK '000**
ASSETS					
Intangible fixed assets acquired		74.620	41.224	0	111
Goodwill		840.550	895.590	0	0
Intangible fixed assets	8	**915.170**	**936.814**	**0**	**111**
Land and buildings..........................		488.215	532.471	0	0
Other plant, machinery, tools and equipment..................................		425.240	479.160	346	72
Tangible fixed assets in progress.........				0	0
and prepayment............................		46.428	24.201	0	0
Tangible fixed assets	9	**959.883**	**1.035.832**	**346**	**72**
Equity investments in group enterprises		0	0	1.006.149	2.009.903
Receivables from group enterprises		0	0	2.087.888	736.753
Fixed asset investments	10	**0**	**0**	**3.094.037**	**2.746.656**
FIXED ASSETS		**1.875.053**	**1.972.646**	**3.094.383**	**2.746.839**
Raw materials and consumables		368.501	299.174	0	0
Work in progress		177.047	153.495	0	0
Finished goods and goods for resale.....		253.128	250.135	0	0
Inventories		**798.676**	**702.804**	**0**	**0**
Trade receivables..........................		952.721	937.341	0	0
Receivables from group enterprises		7.570	21.170	171.835	145.528
Provision for deferred tax................	11	210.429	274.280	2.588	2.566
Other receivables		42.102	34.363	367	1.837
Corporation tax receivable...............		36.753	14.808	8.924	9.747
Prepayments and accrued income		44.190	33.111	3.729	3.454
Receivables................................		**1.293.765**	**1.315.073**	**187.443**	**163.132**
Other securities and equity					
Investments		1.919	1.917	0	0
Current investments		**1.919**	**1.917**	**0**	**0**
Cash and cash equivalents	12	**827.098**	**429.717**	**769.347**	**362.665**
CURRENT ASSETS..........................		**2.921.458**	**2.449.511**	**956.790**	**525.797**
ASSETS......................................		**4.796.511**	**4.422.157**	**4.051.173**	**3.272.636**

BALANCE SHEET AT 31 DECEMBER

	Note	Group		Parent company	
		2017	2016	2017	2016
		DKK '000	DKK '000	DKK '000	DKK '000
EQUITY AND LIABILITIES					
Share capital	13	67.213	67.213	67.213	67.213
Retained profit		1.471.733	1.133.857	1.471.733	1.133.857
EQUITY		**1.538.946**	**1.201.070**	**1.538.946**	**1.201.070**
Provision for deferred tax	11	116.503	124.452	0	24
Other provisions for liabilities		87.008	93.279	0	0
PROVISION FOR LIABILITIES		**203.511**	**217.731**	**0**	**24**
Mortgage debt		197.771	208.116	0	0
Payables to group enterprises		1.603.979	1.601.373	1.738.147	1.775.540
Other liabilities		65.436	63.451	0	0
Long-term liabilities	14	**1.867.186**	**1.872.940**	**1.738.147**	**1.775.540**
Mortgage debt	14	10.390	0	0	0
Bank debt		0	2.841	0	0
Trade payables		456.309	411.749	1.797	401
Payables to group enterprises		5.395	8.880	763.548	287.268
Corporation tax		50.064	618	0	0
Other liabilities		664.710	706.328	8.735	8.333
Current liabilities		**1.186.868**	**1.130.416**	**774.080**	**296.002**
LIABILITIES		**3.054.054**	**3.003.356**	**2.512.227**	**2.071.542**
EQUITY AND LIABILITIES		**4.796.511**	**4.422.157**	**4.051.173**	**3.272.636**

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EQUITY

	Group		
	Share capital	Retained profit	Total
Equity at 1 January 2017	67.213	1.133.857	1.201.070
Foreign exchange adjustments		-37.002	-37.002
Adjustment of hedge instruments		1.501	1.501
Proposed distribution of profit		373.377	373.377
Equity at 31 December 2017	**67.213**	**1.471.733**	**1.538.946**

	Parent		
	Share capital	Retained profit	Total
Equity at 1 January 2017	67.213	1.133.857	1.201.070
Foreign exchange adjustments		-37.002	-37.002
Adjustment of hedge instruments		1.501	1.501
Proposed distribution of profit		373.377	373.377
Equity at 31 December 2017	**67.213**	**1.471.733**	**1.538.946**

The share capital of the period has been increased by 1 share in 2015, which certificates of 10 dkr., from 6.721.306 shares to a total of 6.721.307 shares which certificates of 10 dkr. each.

Besides the above mentioned, the share capital is unchanged for the past 5 years.

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2017	**2016**
	DKK '000	DKK '000
Profit/loss for the year	373.377	386.332
Reversed depreciation of the year	299.816	268.636
Reversed tax on profit/loss for the year	93.614	-75.310
Other provisions	-6.271	11.497
Corporation tax paid	-26.260	-27.488
Change in inventory	-51.924	66.753
Change in receivables	13.450	68.548
Change in current liabilities (ex bank, tax and dividend)	-17.837	-24.380
Other changes	-12.454	-45.760
CASH FLOWS FROM OPERATING ACTIVITY	**665.511**	**628.828**
Purchase of intangible fixed assets	-1.258	-20.982
Sale of tangible fixed assets	12.202	4.723
Purchase of tangible fixed assets	-130.535	-102.767
Purchase of financial assets	0	-255
Business acquisition	-147.683	0
CASH FLOWS FROM INVESTING ACTIVITY	**-267.274**	**-119.281**
Other changes in long-term debt	1.985	-228.053
CASH FLOWS FROM FINANCING ACTIVITY	**1.985**	**-228.053**
CHANGE IN CASH AND CASH EQUIVALENTS	**400.222**	**281.494**
Cash and cash equivalents at 1 January	426.876	145.382
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**827.098**	**426.876**
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents	827.098	429.717
Bank debt	0	-2.841
CASH AND CASH EQUIVALENTS, NET DEBT	**827.098**	**426.876**

Note

	Group		Parent company		
	2017	2016	2017	2016	
	DKK '000	DKK '000	DKK '000	DKK '000	
Net revenue					1
Segment details (geography)					
Revenue, Denmark	659.099	609.903	0	0	
Revenue, Europe	6.209.308	6.160.350	0	0	
Revenue, Others	36.029	33.377	0	0	
	6.904.436	**6.803.630**	**0**	**0**	
Staff costs					2
Average number of employees					
Group: 6.572 (2016: 6.354)					
Parent company: 6 (2016: 11)					
Wages and salaries............................	1.765.894	1.747.335	3.721	7.262	
Pensions	110.565	116.120	370	714	
Social security costs	201.115	189.491	0	0	
	2.077.574	**2.052.946**	**4.091**	**7.976**	
Remuneration of management	7.450	6.943	0	0	
Shared-based remuneration of management	6.186	6.260	0	0	

The incentive program for the executive board and leading members of the Parent company, includes the issuance of options and restricted stock units allowing the holder to acquire shares in JELD-WEN Holding Inc. The options typically vest over 5 years.

	Group		Parent company		Note
	2017	2016	2017	2016	
	DKK '000	DKK '000	DKK '000	DKK '000	
Fee to statutory auditors					3
Fee in total:					
PriceWaterhouseCoopers	6.939	8.040	350	375	
Fee in detail:					
Statutory audit	6.401	6.486	350	375	
Tax consultancy	32	655	0	0	
Other services	506	899	0	0	
	6.939	**8.040**	**350**	**375**	
Financial income					4
Group enterprises	0	0	28.735	31.213	
Other interest income	3.937	5.302	9	264	
	3.937	**5.302**	**28.744**	**31.477**	
Financial expenses					5
Group enterprises	61.666	65.965	72.226	68.671	
Other interest expenses	19.421	13.784	6.554	5.631	
	81.087	**79.749**	**78.780**	**74.302**	
Tax on profit/loss for the year					6
Calculated tax on taxable income of the year	56.031	33.713	5.150	-5.507	
Adjustment of tax for previous years	2.403	10.882	-808	1.205	
Adjustment of deferred tax	35.180	-119.905	45	8.848	
	93.614	**-75.310**	**4.387**	**4.546**	
PROPOSED DISTRIBUTION OF PROFIT					7
Accumulated profit	373.377	386.332	373.377	386.332	
	373.377	**386.332**	**373.377**	**386.332**	

Note

Intangible fixed assets 8

	Group	
	Intangible fixed assets acquired	**Goodwill**
Cost at 1 January 2017	392.857	2.008.622
Exchange adjustment at closing rate	-5.414	-1.411
Acquisition	54.304	45.848
Additions	166	0
Disposals	-11.756	0
Cost at 31 December 2017	**430.157**	**2.053.059**
Amortisation at 1 January 2017	351.633	1.113.032
Exchange adjustment at closing rate	-840	-854
Reversal of depreciation of assets disposed of	-5.653	0
Depreciation for the year	10.397	100.331
Depreciation at 31 December 2017	**355.537**	**1.212.509**
Carrying amount at 31 December 2017	**74.620**	**840.550**

Intangible fixed assets

	Parent Company	
	Intangible fixed assets acquired	**Goodwill**
Cost at 1 January 2017	876	0
Cost at 31 December 2017	**876**	**0**
Amortisation at 1 January 2017	765	
Depreciation for the year	111	0
Depreciation at 31 December 2017	**876**	**0**
Carrying amount at 31 December 2017	**0**	**0**

Note

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Tangible fixed assets

	Group		
	Land and buildings	**Other plant, machinery, tools and equipment**	**Tangible fixed assets in progress and prepayment**
Cost at 1 January 2017	1.019.894	1.700.022	24.201
Exchange adjustment	-4.398	-18.961	-1.391
Transferred	6.430	45.409	-51.839
Acquisition	6.390	9.963	1.104
Additions	9.760	46.242	74.353
Disposals	-70.639	-110.068	0
Cost at 31 December 2017	**967.437**	**1.672.607**	**46.428**
Depreciation and impairment losses at 1 January 2017	487.423	1.220.862	
Exchange adjustment	-2.892	-13.707	
Reversal of depreciation of assets disposed	-45.793	-108.392	
Depreciation for the year	40.484	148.604	
Depreciation and write-down at 31 December 2017	**479.222**	**1.247.367**	
Carrying amount at 31 December 2017	**488.215**	**425.240**	**46.428**

Note

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Tangible fixed assets

	Parent Company		
	Land and buildings	**Other plant, machinery, tools and equipment**	**Tangible fixed assets in progress and prepayment**
Cost at 1 January 2017	0	52.486	0
Disposals	0	-18.453	
Additions	0	398	0
Cost at 31 December 2017	**0**	**34.431**	**0**
Depreciation and impairment losses at 1 January 2017	0	52.414	0
Reversal of depreciation of assets disposed	0	-18.453	0
Depreciation for the year	0	124	0
Depreciation and write-down at 31 December 2017	**0**	**34.085**	**0**
Carrying amount at 31 December 2017	**0**	**346**	**0**

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Fixed asset investments

	Parent Company
	Equity Investments in Group enterprises
Cost at 1 January 2017	2.531.278
Disposals	-2.418.385
Additions	2.582.652
Cost at 31 December 2017	**2.695.545**
Revaluation at 1 January 2017	-521.375
Exchange adjustment	-27.314
Net adjustments of hedging instruments	1.501
Dividend paid	-40.000
Net share of profit/loss for the year	424.628
Adjustment internal transfer	-1.526.836
Revaluation at 31 December 2017	**-1.689.396**
Carrying amount at 31 December 2017	**1.006.149**

Investments in subsidiaries

- RJAC Ltd., Sheffield, UK (100%)
- JELD-WEN UK Limited, Sheffield, UK (100%)
- JELD-WEN UK Pension Trustee, Ltd., Sheffield, UK (100%)
- JELD-WEN Danmark A/S, Løgstør, Denmark (100%)
- JELD-WEN Suomi OOY, Vääksy, Finland (100%)
- Mattiovo OY, Laitila, Finland (100%)
- 000 JELD-WEN Russia (100%)
- JELD-WEN Eesti AS, Rakvere, Estonia (100%)
- Vännäs Dörr AB, Vännäs, Sverige (100%)
- Dooria Kungsäter AB, Kungsäter, Sverige (100%)
- Gagnef AB, Gagnef, Sverige (100%)
- Dooria AS, Oslo, Norge (100%)
- Dooria Norge AS, Oslo, Norge (100%)
- Dooria AB, Kungsäter, Sverige (100%)
- JELD-WEN Norge AS, Oslo, Norway (100%)
- JELD-WEN Sverige AB, Åstorp, Sweden (100%)
- Fastighet Varberg Österby 18:1 AB, Åstorp, Sweden (100%)
- JELD-WEN Deutschland Holding GmbH, Oettingen, Germany (100%)
- JELD-WEN Deutschland Verwaltungs-GmbH, Oettingen, Germany (100%)
- JELD-WEN Deutschland GmbH & Co. KG, Oettingen, Germany (100%)
  JELD-WEN Österreich GmbH, Spital am Pyhrn, Austria (100%)
- JELD-WEN Türen GmbH, Spital am Pyhrn, Austria (100%)
- JELD-WEN die Türen gmbH, Oettingen, Germany (100%)
- JELD-WEN Schweiz AG, Bremgarten, Switzerland (100%)
- ZARGAG Zargen + Türen AG, Bremgarten, Switzerland (100%)
- JELD-WEN Magyarország Kft, Lenti, Hungary (100%)
- JELD-WEN Latvija SIA, Aizkraukle, Latvia (100%)
- JELD-WEN France, Eauze, Frankring (100%)

Goodwill
Goodwill on consolidation amounts to 805.401 kDKK of the carrying amount at 31.12.2017.

Note

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Provision for deferred tax
Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	Group		Parent company	
	2017	2016	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000
Provision for deferred tax				
Deferred tax (assets):				
Intangible assets	5.874	1.321	0	0
Tangible assets	43.272	54.319	581	773
Inventory	-1.756	-5.753	0	0
Debtors	-331	1.262	0	0
Debt	782	912	740	491
Other	47.328	24.574	1.267	1.302
Net loss carry forward	115.260	197.645	0	0
	210.429	**274.280**	**2.588**	**2.566**
Deferred tax (liability):				
Intangible assets	2.795	3.127	0	24
Tangible assets	13.857	32.556	0	0
Inventory	1.561	1.025	0	0
Debtors	0	-250	0	0
Debt	0	-386	0	0
Other	11.325	4.662	0	0
Uncertain tax positions	86.965	84.728	0	0
Net loss carry forward	0	-1.010	0	0
	116.503	**124.452**	**0**	**24**

The tax effect from the transfer to a capacity management service model is connected with some uncertainty in the Group, but management has recognized the tax effect after the best estimate. A provision for the uncertain tax position is recognized as a deferred tax liability above.

Deferred tax assets includes taxable loses, which is expected to be deducted in taxable income within 3-5 years.

Note

Cash and cash equivalents 12

On Cash and cash equivalents one escrow account is included with an amount kDKK 216.675

	Group		Parent		
	2017	2016	2017	2016	13
	DKK '000	DKK '000	DKK '000	DKK '000	
Share capital					
Specification of the share capital:					
Shares, 6.721.307 stk. a nom. 10 DKK	67.213	67.213	67.213	67.213	
	67.213	**67.213**	**67.213**	**67.213**	

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Long-term liabilities

	Group			
	1/1 2017	31/12 2017	Repayment	Debt outstanding
	Total liabilities	Total liabilities	Next year	After 5 years
Mortgage debt.....................	208.116	208.160	10.390	156.194
Payables to group enterprises....	1.601.373	1.603.979	0	1.603.979
Other liabilities....................	63.451	65.436	0	0
	1.872.940	**1.877.575**	**10.390**	**1.760.173**

Long-term liabilities

	Parent			
	1/1 2017	31/12 2017	Repayment	Debt outstanding
	Total liabilities	Total liabilities	Next year	After 5 years
Payables to group enterprises....	1.775.540	1.738.147	0	1.603.979
	1.775.540	**1.738.147**	**0**	**1.603.979**

Note

Contingencies etc. 15

Contractual obligations

On November 30th 2017 JELD-WEN ApS entered into an option agreement with RJAC Limited a subsidiary registered in England and Wales concerning transfer of the shares in JELD-WEN France SAS, JELD-WEN Latvia SIA, JELD-WEN Danmark A/S, JELD-WEN Suomi Oy, JELD-WEN Esti AS, JELD-WEN Deutschland Holding GmbH, JELD-WEN Schwiz AG, JELD-WEN Magyarorszag and JELD-WEN Osterreich GmbH. When RJAC Limited execute the option, RJAC Limited will be the legal owner of the subsidiaries.

Contingent liabilities

The Parent is jointly and severally liable with the jointly registered group enterprises for the total VAT payable. As at 31.12.2017 the VAT payable was 12,452 DKK.

The Danish group companies are jointly and severally liable for tax on the Groups jointly taxed income.

Lease obligations

The Parent company has entered into operating leases with a total remaining liability of approx. 557 kDKK.

The Group has entered into operating leases with a total remaining liability of approx. 137.319 kDKK.

Rental agreements

The Group have a total rental obligation of approx. 60.871 kDKK. calculated for the term of notice period. The rental agreements have a maturity/termination period of 1 to 10 years.

Charges and securities 16

Mortgage debt has been secured by a mortgage on properties. The mortgage includes the production plant and machinery belonging to the properties.

Carrying amount of mortgaged properties totals 75.797 kDKK. as at 31.12.2017.

As security for rent a deposit of 461 kDKK. have been provided.

As security for the utilisation of the Group's credit facilities with Danske Bank, JELD-WEN Danmark A/S has issued a floating charge worth 175.000 kDKK.

JELD-WEN ApS has issued a floating charge worth 10.000 kDKK, and JELD-WEN Sweden has issued a floating charge worth 87.832 kDKK. In addition, JELD-WEN UK has issued a floating charge worth 382.403 kDKK and JELD-WEN Eesti AS has issued a fixed charge worth 22.338 kDKK.

JELD-WEN ApS has pledged the share capital, nom. 25.000 kDKK. in JELD-WEN Danmark A/S as security to Danske Bank and Nordea.

Note

Related parties 17

Related parties with a controlling influence on JELD-WEN ApS:

ONEX Corporation, 161 Bay Street, Toronto, ON M5J 2S1, Canada.
JELD-WEN Holding Inc., 2645 Silver Crescent Drive, Charlotte, NC 28273, USA
JW International Holdings, Inc., 6100 Neil Road, Suite 500, Reno, NV 89511, USA

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the abovementioned group of persons has material interests.

Transactions with related parties

JELD-WEN ApS and the underlying subsidiaries have intra-group loans at the Parent Company and the overlying companies. The interest on the loans is payable on market conditions and the loans outstanding amounted on 31.12.2017 to 1.603.979 kDKK.

Furthermore, the JELD-WEN ApS Group has to a limited extent realized sale and purchase of products with other companies in the ONEX Group. The transactions have been carried through on marked based conditions.

Other management remuneration etc. has been separately stated in note 2, staff costs.

Derivative financial instruments 18

Forward contracts are used to hedge the exchange rate risk on cash-flow in foreign currencies.

Consolidated financial statements 19

The Company is owned by JW International Holdings, Inc., USA.

JELD-WEN ApS is included in the consolidated annual report of JW International Holdings, Inc., USA.

The company JELD-WEN Deutschland GmbH & Co. KG, Oettingen (Germany) in the consolidated annual accounts for JELD-WEN ApS uses the exemption rules of the German "Handelsgesetzbuch" §264 b HGB (exemption from the demand of elaboration of annual accounts according to current rules for limited companies).

ACCOUNTING POLICIES

The annual report of Jeld-Wen ApS for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The accounting policies are consistent with the policies applied last year.

Recognition and measurement in general
Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Group, and the asset's value can be reliably measured.

Liabilities are recognized in the balance sheet when the Group, as a result of a prior event, has a legal or constructive obligation and when it is probable that future economic benefits will flow out from the Group, and the value of the liabilities can be reliably measured.

On initial recognition assets and liabilities are measured at cost. The measurement subsequent to the initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses arising before the time of presentation of the annual report and which are confirming or invalidating affairs and conditions existing at the balance sheet date are considered at the recognition and measurement.

In the income statement the income is recognized when earned, whereas costs are recognized by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognized in the income statement as financial income or financial costs.

Consolidated financial statements
The consolidated financial statements comprise JELD-WEN ApS (Parent Company) and the companies (subsidiaries), which are controlled by the Parent Company, see Group chart page 4. Control is achieved by the Parent Company, either directly or indirectly, when holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of JELD-WEN ApS and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements which are used for the consolidation have been prepared according to the Group's accounting policies.

The subsidiaries' financial statement items are recognized in full in the consolidated financial statements. The minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively. The investments in the subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations
Newly acquired or newly established enterprises are recognized in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognized in the consolidated income statement up to the time of their divestment or winding-up. Figures of comparison are not adjusted.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the time of acquisition. On acquisition of enterprises provisions are made for costs relating to decided and published restructurings in the acquired enterprises in connection with the takeover. Allowance is made for the tax effect of the restatements.

ACCOUNTING POLICIES

Positive differences in amount (goodwill) between cost of the acquired share and the fair value of the assets and liabilities taken over are recognized under intangible assets, and they are amortized systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognized in the balance sheet under deferred income, and are recognized in the income statement when such adverse development is realized. Remaining negative differential amounts are credited over the expected life of non-monetary items that have not been settled.

Group internal business combinations

The book value method is applied at the investments and divestures, mergers etc. of participating companies under the control of the Parent company. Differences in the amounts between the cost price and the booked value of the taken over company are recognized directly on the equity. Comparative figures are adjusted in accordance with the business combination.

Profit and loss from divestment of equity investments

Profit or loss from divestment or winding-up of subsidiaries is calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortized goodwill and estimated divestment or winding-up expenses. Profit or loss is recognized in the income statement under other operating income and other operating expenses, respectively.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognized in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognized exclusive of VAT, duties and less discounts related to the sale.

Production costs

Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. Commercial enterprises recognize cost of sales, and the manufacturing enterprises recognize production costs equal to the revenue for the year, including direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

Amortization of capitalized development and research costs and the development costs that do not fulfill the criteria for capitalization are also recognized in production costs.

Write-down is recognized in connection with expected losses on project contracts.

Distribution costs

The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognized in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortization are also recognized in distribution costs.

Administrative expenses

Administrative expenses recognize costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses etc. and related amortization.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

ACCOUNTING POLICIES

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Investments in subsidiaries
The income statement of the Parent company recognizes the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortization of goodwill.

Financial income and expenses in general
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realized and unrealized gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortization of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc.. Financial income and expenses are recognized in the income statement by the amounts that relate to the financial year.

Tax on profit for the year
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognized in the income statement by the portion that may be attributed to the profit for the year, and is recognized directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortization. Goodwill is amortized on a straight-line basis over the expected useful life which is estimated to 20 years. The period of amortization is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Other intangible assets are measured at the lower of cost less accumulated amortization or the recoverable amount. Patens are amortized over the residual patent term and licenses are amortized over the term of the agreement, however, no more than 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Tangible fixed assets
Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life
Buildings..	25 - 40 years
Production plant and machinery...	3 - 7 years
Other plants, fixtures and equipment...	3 - 7 years

ACCOUNTING POLICIES

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognized in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent company's accounting policies with deduction or addition of unrealized intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method. Goodwill is amortized on a straight-line basis over the expected useful life, which is estimated to 5 years. The period of amortization is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

In connection with purchase of companies the purchase method is applied. Added values in the form of consolidated goodwill are amortized over the estimated financial useful life, which is determined based on management's experience within the individual lines of business. Consolidated goodwill is amortized on a straight-line basis over the amortization period, which is 5 years.

Net revaluation of investments in subsidiaries is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiaries, see description above under consolidated financial statements.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognized under provision for liabilities to the extent that the company has a legal or actual liability to cover the subsidiary's deficit.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realizable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include: indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalized development costs relating to the products.

The net realizable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortized cost, which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognized as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Securities and investments
Securities and investments, recognized as current assets, comprise public quoted bonds, shares and other current investments that are measured at fair market value on the balance sheet date. Public quoted securities are measured at quoted price. Non-quoted securities are measured at sales value based on computed net present value.

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognized on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognized as a cost under production costs.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognized in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realizable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallize as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognized in the income statement, except from items recognized directly in equity.

Liabilities
Financial liabilities are recognized at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortized cost equal to the capitalized value when using the effective interest, the difference between the proceeds and the nominal value being recognized in the income statement over the term of loan.

Mortgage debt is measured at amortized cost, which for cash loans is equal to the debt outstanding and for bond loans is equal to the debt outstanding, calculated on the basis of the underlying cash value of the loan at the time of borrowing.

Other liabilities are measured at amortized cost equal to nominal value.

Other liabilities, which include debt to suppliers, subsidiaries and associates and other debt are measured at amortized cost, which usually corresponds to the nominal value.

Accruals recognized as liabilities include payments received regarding income in subsequent years.

The capitalized residual lease liability on finance lease contracts is also recognized as financial liabilities.

Accruals, liabilities
Accruals recognized as liabilities include payments received regarding income in subsequent years.

ACCOUNTING POLICIES

Derivative financial instruments

The initial recognition measures derivative financial instruments in the balance sheet at cost price and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in receivables and liabilities, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognized asset or a recognized liability is recognized in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognized under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognized under equity are transferred from equity and recognized under initial cost for the asset or liability, respectively. If the future transaction results in income or expenses amounts recognized under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognized on a current basis in the Income Statement.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognized in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealized exchange adjustments are recognized directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognized in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

ACCOUNTING POLICIES

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and cash in hand.