

SCHIEDEL SKORSTENE A/S
INDUSTRIVEJ 23
DK-7470 KARUP J

REG. NO. 14747346

ANNUAL REPORT 2015

Approved at the Company's annual general meeting on 20 April 2016

Chairman



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Company details

Company	Schiedel Skorstene A/S Industrivej 23 DK-7470 Karup J Reg. no. 14 74 73 46 Phone +45 70 10 21 11 Fax +45 70 10 20 88 Website www.schiedel.dk E-mail salg@schiedel.dk Established: 1 September 1990 Registered office: Viborg Financial year 1 January – 31 December
Board of Directors	Torben Mikkelsen, Chairman Michael Ball Stefan Kranewitter
Executive Board	Michael Ball
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Bredskifte Alle 13 DK-8210 Aarhus V
Bankers	Handelsbanken Jernbanegade 4 DK-9000 Aalborg

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Schiedel Skorstene A/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report will be approved at the annual general meeting.

Karup, 20 April 2016

Executive Board

Michael Ball
CEO

Board of Directors


Torben Mikkelsen
(Chairman)


Michael Ball


Stefan Kranewitter

Independent auditor's report

To the shareholders of Schiedel Skorstene A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Schiedel Skorstene A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

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Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 20 April 2016

KPMG

Statsautoriseret Revisionspartnerselskab



Steffen S. Hansen
State Authorised
Public Accountant



Mikkel Trabjerg Knudsen
State Authorised
Public Accountant

Management's review

Operating review

Principal activities of the Company

The Company is engaged in producing and selling Schiedel chimney and fireplace systems for domestic and foreign wholesalers.

Development in activities and financial matters

The Company reported a loss of 1,650 DKK thousand for 2015 and the Company's balance sheet showed equity of DKK 11,872 thousand at 31 December 2015. Management considers the profit for the year unsatisfactory, however the results live up to expectations.

The Company is market leader in the Danish market, and the Company maintains its market shares at the other Scandinavian markets.

The Company is financed by means of intra-group financing, and Management assesses the Company's financial resources adequate to continue as a going concern for 2016.

Accounting policies

The annual report of Schiedel Skorstene A/S has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the annual report are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Receivables and payables and other monetary items denominated in foreign currencies which are not settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment and the rate at the balance sheet date, respectively, are recognized in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement when delivery and transfer of risk to the buyer has taken place. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

Gross profit

In accordance with section 32 of the Danish Financial Statements Act, revenue, operating costs, and other external costs are comprised into the financial statement caption gross profit.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other operating costs

Other operating costs comprise items secondary to the Company's activities, including loss on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realized and unrealized gains and losses on payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme.

Taxation

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with the Danish group enterprises. The Danish corporation tax is allocated between profit/loss-making Danish companies in proportion to their taxable income (full absorption).

Jointly taxed companies with excess tax receive interest at least in accordance with applicable rates from the administrative company, Monier Holding ApS, just as jointly taxed companies with outstanding tax at a maximum pay surcharge in accordance with applicable rates for surcharges to the administrative company.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the date when it is ready to be put into operation. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries.

The basis of depreciation is cost less expected residual value at the end of the useful life. Depreciation is provided according to the straight-line method, based on the following expected useful lives:

Buildings	20 years.
Plant and machinery	5-15 years.
Fixtures and fittings, other plant and equipment	3-5 years.

Land is not depreciated.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as depreciation and impairment losses.

Inventories

Inventories are measured at the lower of cost in accordance with the average cost formula and the net realizable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation and impairment losses regarding production machinery, buildings and equipment as well as factory administration and management. Financing costs are not included in the cost.

The net realizable value of inventories is determined taking into consideration estimated sales price less costs of completion and costs necessary to make the sale.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value, less write-downs for bad debts.

Cash and cash equivalents

Bank deposits and drawings on group cash pool is recognized as balances with group enterprises.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity - dividends

Dividends are recognized as a liability at the date when they are adopted at the annual general meeting. The proposed dividend payment for the financial year is disclosed as a separate item under equity.

Other provisions

Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Warranties comprise obligations to make good any errors and omissions within the warranty period.

Accounting policies**Lease obligations**

Operating lease payments are recognized in the income statement over the term of the lease.

Financial liabilities

Financial liabilities are recognized at amortized cost, which usually corresponds to nominal value.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Income statement

	<u>Note</u>	<u>2015</u> DKK'000	<u>2014</u> DKK'000
Gross profit		11,037	14,873
Staff costs	1	-11,662	-12,366
Depreciation of property, plant and equipment	2	<u>-1,567</u>	<u>-1,425</u>
Profit/loss before interest income and expenses		-2,192	1,082
Financial income	3	246	162
Financial expenses	4	<u>-176</u>	<u>-205</u>
Profit/loss before tax		-2,122	1.039
Tax on profit/loss for the year	5	<u>472</u>	<u>-230</u>
PROFIT/LOSS FOR THE YEAR		<u>-1,650</u>	<u>809</u>
Proposed distribution of profit/loss			
Retained earnings		<u>-1,650</u>	<u>809</u>
		<u>-1,650</u>	<u>809</u>

Balance sheet

	<u>Note</u>	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
ASSETS			
Non-current assets			
Land and buildings		2,434	2,987
Plant and machinery		4,829	5,675
Fixtures and fittings, other plant and equipment		402	269
Total property, plant and equipment	6	7,665	8,931
Total non-current assets		7,665	8,931
Current assets			
Raw materials and consumables		5,036	4,411
Finished goods and goods for resale		8,647	10,149
Inventories		13,683	14,560
Trade receivables		1,024	1,183
Amounts owed by group enterprises		6,647	8,734
Joint taxation contribution receivable		144	85
Deferred tax asset	7	5,212	4,884
Other receivables		39	98
Prepayments		53	167
Receivables		13,119	15,151
Cash at bank and in hand		3	12
Total current assets		26,805	29,723
TOTAL ASSETS		34,470	38,654

Balance sheet

	<u>Note</u>	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
EQUITY AND LIABILITIES			
Share capital		3,500	3,500
Retained earnings		<u>8,372</u>	<u>10,022</u>
Total equity	8	<u>11,872</u>	<u>13,522</u>
Other provisions		<u>863</u>	<u>863</u>
Total provisions		<u>863</u>	<u>863</u>
Trade payables		1,774	4,386
Payables to group enterprises		16,090	16,321
Other payables		<u>3,871</u>	<u>3,562</u>
Current liabilities other than provisions		<u>21,735</u>	<u>24,269</u>
EQUITY AND LIABILITIES		<u>34,470</u>	<u>38,654</u>
Contingent liabilities and other financial obligations	9		
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Notes to the financial statement

	2015	2014
	DKK'000	DKK'000
1 Staff costs		
Wages and salaries	10,608	11,026
Pensions	842	941
Other social security costs	212	399
	<u>11,662</u>	<u>12,366</u>
 Average number of full-time employees	 <u>25</u>	 <u>27</u>
2 Depreciation of property, plant and equipment		
Buildings	553	570
Plant and machinery	916	799
Fixtures and fittings, other plant and equipment	98	56
	<u>1,567</u>	<u>1,425</u>
3 Financial income		
Interest income, group enterprises.	104	162
Interest income, other	142	0
	<u>246</u>	<u>162</u>
4 Financial expenses		
Interest expenses, group enterprises	150	169
Interest expenses, exchange rate losses, etc.	26	36
	<u>176</u>	<u>205</u>
5 Tax on profit/loss for the year		
Adjustment of deferred tax	328	-722
Joint taxation contribution for the year	144	85
	<u>472</u>	<u>637</u>

Notes

6 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Fixtures and fittings, other plant and equipment DKK'000
Cost at 1 January 2015	11,459	16,480	6,678
Additions for the year	0	70	231
Disposals for the year	0	0	0
Cost at 31 December 2015	11,459	16,550	6,909
Accumulated depreciation at 1 January 2015	8,472	10,805	6,409
Depreciation for the year	553	916	98
Accumulated depreciation at 31 December 2015	9,025	11,721	6,507
Carrying amount at 31 December 2015	2,434	4,829	402

7 Deferred tax asset

Based on the impairment test performed, Management expects the tax assets to be utilised through future positive earnings in the joint taxation, and Management has therefore assessed the recognition of the tax asset at 31 December 2015 in full to provide a true and fair view.

Notes

8 Equity

Equity is made up as follows:

	Share capital DKK'000	Retained earnings DKK'000	Total DKK'000
Balance at 1 January 2014	3,500	9,213	12,713
Transferred for the year	0	809	809
Balance at 31 December 2014	3,500	10,022	13,522
Balance at 1 January 2015	3,500	10,022	13,522
Transferred for the year	0	-1,650	-1,650
Balance at 31 December 2015	3,500	8,372	11,872
		2015 DKK'000	2014 DKK'000
The share capital comprises:			
35 shares of DKK 100,000 each		3,500	3,500
		3,500	3,500

There were no changes in the share capital for the past five years.

	<u>2015</u> DKK'000	<u>2014</u> DKK'000
9 Contingent liabilities and other financial obligations		
Lease liabilities		
According to operating leases regarding copying machines, forklift trucks and cars, liabilities total	<u>813</u>	<u>766</u>

The remaining term is up to 5 years.

10 Related parties

Related parties exercising control of Schiedel Skorstene A/S:

- The Company's principal shareholder, Schiedel GmbH & Co. KG, Munich, Germany as well as higher-ranking parents, including the ultimate parent company, Braas Monier Building Group S.A., Luxembourg.

Other related parties with whom Schiedel Skorstene A/S had transactions in 2015:

- Companies in which the principal shareholder and other parent companies exercise control and their subsidiaries.
- The Company's Executive Board and Board of Directors.

No transactions have been carried out with the Executive Board, the Board of Directors or other related parties, apart from intra-group transactions, which have been eliminated at the preparation of the consolidated financial statements of higher-ranking parents, and the usual remuneration.

11 Shareholders

The Company has registered the following shareholders holding more than 5% of voting rights or nominal value:

Schiedel GmbH & Co. KG, Munich, Germany