

Skalflex A/S
Industrivej 20B, 8800 Viborg

Company reg. no. 17 10 47 99

Annual report

1 January - 31 December 2015

The annual report has been submitted and approved by the general meeting on the 20 May 2016.

Eric Charles Pierre Bergé
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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Management's report

The board of directors and the managing director have today presented the annual report of Skalflex A/S for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Viborg, 23 February 2016

Managing Director

Poul Jensen

Board of directors

Eric Charles Pierre Bergé
Chairman

Guillaume Emmanuel Marie Latil

Frédéric Simon Pierre Herbaut

Poul Jensen

Independent auditor's reports

To the shareholders of Skalflex A/S

Report on the annual accounts

We have audited the annual accounts of Skalflex A/S for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts 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 about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the annual accounts 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 to 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the management's review

Pursuant to 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 annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Independent auditor's reports

Viborg, 23 February 2016

Ullits & Winther

State Authorised Public Accountants
CVR-nr. 32 09 32 72

Henrik Lundsgaard

State Authorised Public Accountant

Company data

The company

Skalflex A/S
Industrivej 20B
8800 Viborg

Phone: 8661 2299

Fax: 8661 2199

Company reg. no.: 17 10 47 99

Established: 18 May 1993

Domicile: Viborg

Financial year: 1 January - 31 December

Board of directors

Eric Charles Pierre Bergé, Chairman
Guillaume Emmanuel Marie Latil
Frédéric Simon Pierre Herbaut
Poul Jensen

Managing Director

Poul Jensen

Auditors

Ullits & Winther Statsautoriseret Revisionspartnerselskab
Agerlandsvej 1
8800 Viborg

Management's review

The principal activities of the enterprise

Like previous years, the principal activity has been the production and sale of materials for surface treatment of buildings.

Events subsequent to the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Skalflex A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to loose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Accounting policies used

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, and loss on debtors.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of amortisation or depreciation is cost.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Accounting policies used

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life of the individual assets:

Buildings	40 years
Production plants and machinery	5-10 years
Other plants, operating assets, fixtures and furniture	3-6 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured finished goods comprises the cost for raw materials, consumables, direct wages, and other direct costs.

The net realisable value for inventories is recognised as the market price with the deduction of completion costs and selling costs. The net realisable value is determined by taking negotiability, obsolescence, and the development of the expected market price into consideration.

Debtors

Debtors are measured at their nominal value. In order to meet expected losses, writedown takes place at the net realisable value.

Accruals

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value (market price) on the balance sheet date.

Available funds

Available funds comprise cash at bank and in hand.

Accounting policies used

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Skalflex A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Financial liabilities related to mortgage credit institutions and financial institutions are measured at their nominal value. Financial instruments used for hedging of interest risk are measured at fair value.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Other liabilities are measured at their nominal value.

Dividend expected to be distributed for the year is recognised as a liability in the item "Proposed dividend for the financial year".

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Gross profit	25.146.151	26.184.503
1 Staff costs	-12.574.257	-12.677.025
Depreciation on tangible fixed assets	-1.743.582	-1.968.987
Operating profit	10.828.312	11.538.491
Financial income	3.663	0
Financial costs	-756.086	-757.172
Results before tax	10.075.889	10.781.319
2 Tax of the results for the year	-2.380.513	-2.587.472
Results for the year	7.695.376	8.193.847
Proposed disposal of the results:		
Dividend for the financial year	2.565.125	8.000.000
Disposed to results brought forward	5.130.251	193.847
Disposals in total	7.695.376	8.193.847

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Assets		
Fixed assets		
3 Land and property	26.412.557	27.009.930
3 Production plants and machinery	1.743.449	2.434.011
3 Other plants, operating assets, fixtures and furniture	386.993	575.036
Tangible fixed assets in total	<u>28.542.999</u>	<u>30.018.977</u>
Fixed assets in total	<u>28.542.999</u>	<u>30.018.977</u>
Current assets		
Raw materials and consumables	3.946.989	4.560.634
Manufactured and commercial goods	8.434.151	8.888.873
Inventories in total	<u>12.381.140</u>	<u>13.449.507</u>
Trade debtors	7.227.354	5.442.587
Other debtors	55.970	0
Accruals	245.584	88.845
Debtors in total	<u>7.528.908</u>	<u>5.531.432</u>
Other securities and equity investments	38.700	36.270
Securities in total	<u>38.700</u>	<u>36.270</u>
Cash funds	<u>7.381.217</u>	<u>8.405.020</u>
Current assets in total	<u>27.329.965</u>	<u>27.422.229</u>
Assets in total	<u>55.872.964</u>	<u>57.441.206</u>

Balance sheet 31 December

All amounts in DKK.

	2015	2014
Liabilities		
<u>Note</u>		
Equity		
4 Share capital	500.000	500.000
5 Other reserves	-886.777	-1.235.057
6 Results brought forward	30.593.540	25.463.289
Equity in total	30.206.763	24.728.232
Provisions		
Provisions for deferred tax	738.000	772.000
Provisions in total	738.000	772.000
Liabilities		
Mortgage debt	17.064.721	17.490.373
Other long-term debt	636.776	1.384.057
Leasing liabilities	0	0
7 Long-term liabilities in total	17.701.497	18.874.430
Short term part of long term liabilities	926.000	856.876
Trade creditors	884.528	1.200.791
Debt to group enterprises	0	119.924
Corporation tax	177.425	0
Other debts	2.673.626	2.888.953
Proposed dividend for the financial year	2.565.125	8.000.000
Short-term liabilities in total	7.226.704	13.066.544
Liabilities in total	24.928.201	31.940.974
Equity and liabilities in total	55.872.964	57.441.206
8 Mortgage and securities		
9 Contingencies		
10 Related parties		

Notes

All amounts in DKK.

	<u>2015</u>	<u>2014</u>	
1. Staff costs			
Salaries and wages	11.550.338	11.579.435	
Pension costs	412.718	425.185	
Other costs for social security	285.687	244.760	
Other staff costs	325.514	427.645	
	<u>12.574.257</u>	<u>12.677.025</u>	
2. Tax of the results for the year			
Tax of the results for the year, parent company	2.513.513	2.740.472	
Adjustment for the year of deferred tax	-133.000	-153.000	
	<u>2.380.513</u>	<u>2.587.472</u>	
3. Tangible fixed assets			
	<u>Land and property</u>	<u>Production plants and machinery</u>	<u>Other plants, operating assets, fixtures and furniture</u>
Cost, opening balance	33.368.578	14.838.886	2.664.083
Additions	19.841	93.710	34.509
Disposals	0	0	-12.500
Cost, closing balance	<u>33.388.419</u>	<u>14.932.596</u>	<u>2.686.092</u>
Amortisation and writedown, opening balance	6.358.648	12.404.875	2.089.047
Depreciation/amortisation for the period	617.214	784.272	222.552
Depreciation and writedown, assets disposed of	0	0	-12.500
Amortisation and writedown, closing balance	<u>6.975.862</u>	<u>13.189.147</u>	<u>2.299.099</u>
Book value, closing balance	<u>26.412.557</u>	<u>1.743.449</u>	<u>386.993</u>

Notes

All amounts in DKK.

	<u>31/12 2015</u>	<u>31/12 2014</u>		
4. Share capital				
Share capital, opening balance	500.000	500.000		
	<u>500.000</u>	<u>500.000</u>		
<p>The share capital consists of shares, each with a nominal value of DKK 1.000 and multiples hereof. No shares hold particular rights.</p>				
5. Other reserves				
Other reserves, opening balance	-1.235.057	-1.312.536		
Adjustments of the year	348.280	77.479		
	<u>-886.777</u>	<u>-1.235.057</u>		
6. Results brought forward				
Results brought forward, opening balance	25.463.289	25.269.442		
Results for the year brought forward	5.130.251	193.847		
	<u>30.593.540</u>	<u>25.463.289</u>		
7. Liabilities				
	<u>Instalments first year</u>	<u>Outstanding debt after 5 years</u>	<u>Debt in total 31 Dec 2015</u>	<u>Debt in total 31 Dec 2014</u>
Mortgage debt	426.000	13.823.000	17.490.721	17.918.373
Other long-term debt	500.000	500.000	1.136.776	1.584.057
Leasing liabilities	0	0	0	228.876
	<u>926.000</u>	<u>14.323.000</u>	<u>18.627.497</u>	<u>19.731.306</u>

8. Mortgage and securities

In addition to mortgage debt of TDKK 17.491, the company holds land and property with an book value of TDKK 26.413, which is provided as security for debt to credit institution by means of a mortgages registered to the owners of TDKK 1.200 and a letter of indemnity of TDKK 800.

9. Contingencies

Contingent liabilities

Service and warranty commitments ordinary within the sector are incumbent on the company

Joint taxation

Dry Mix Solutions ApS Denmark being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

10. Ownership

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

Dry Mix Solutions ApS Denmark, 8800 Viborg

Poul Jensen Holding ApS, 8800 Viborg

Hans Pedersen Holding ApS, 8800 Viborg

Scanlyx Holding ApS, 8831 Løgstrup