

**Cembrit Holding A/S**  
**Sohngaardsholmsvej 2, DK-9100 Aalborg**

## Annual report 2015

The Annual General Meeting adopted the annual report on <sup>17</sup>May 2016

### **Chairman of the Annual General Meeting**



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Name: Rikke Alsted Houlberg

General Counsel

Central Business Reg. No. 18336774  
The annual report consists of 18 pages

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## **Entity details**

### **Address**

Cembrit Holding A/S  
Sohngårdsholmsvej 2, DK-9000 Aalborg

Phone: +45 99 37 22 22  
Fax: +45 98 12 00 75  
Website: [www.cembrit.com](http://www.cembrit.com)  
E-mail: [info@cembrit.com](mailto:info@cembrit.com)

Central Business  
Reg. No.: 18336774  
Established: 1 January 1995  
Registered office: Aalborg, Denmark  
Financial year: 1 January – 31 December

### **Board of Directors**

Kent Arentoft, Chairman  
Denis Viet-Jacobsen, Vice Chairman  
Sigge Lennart Haraldsson  
Jan Warrer  
Johan Olof Cervin  
Carsten Ejberg Jensen  
Troels Brix Nielsen  
Dorte Nicolaysen

### **Executive Board**

Martin Jermiin, President and CEO  
Kaspar R. Kristiansen, Vice President and CFO

### **Company auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab

### **Annual General Meeting**

Annual General Meeting will be held on 17/ 5 2016.

## Statement by Management on the annual report

We have today considered and approved the annual report of Cembit Holding A/S for the financial year 1 January 2015 to 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January 2015 – 31 December 2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 21 April 2016

### Executive Board



MARTIN JERMIIN  
President and CEO



KASPAR R. KRISTIANSEN  
Vice President and CFO

### Board of Directors



KENT ARENTOFT  
Chairman



SIGGE LENNART HARALDSSON



JOHAN OLOF CERVIN



DORTE NICOLAYSEN\*




DENIS VIET-JACOBSEN  
Vice Chairman



JAN WARRER



TROELS BRIX NIELSEN\*



CARSTEN EJBERG JENSEN\*

\*Employee Representatives

## **Independent auditor's report**

To the Shareholder of Cembritholding A/S

### **Report on the Financial Statements**

We have audited the Financial Statements of Cembritholding A/S for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. 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 as 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, 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 audit opinion.

The audit has not resulted in any qualification.

### **Opinion**

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

**Statement on Management's Review**

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Aalborg, 21 April 2016  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR-no. 33 77 12 31



Mikkel Sthyr  
State Authorised Public Accountant



Søren Korgaard-Møllerup  
State Authorised Public Accountant

## **Management Commentary**

### **Primary activity**

The Company's primary activity is to handle shared functions within sale and marketing, production, IT, finances, legal matters, communications as well as general management.

Furthermore, the Company holds the shares in the subsidiaries stated in note 4.

### **Development in activities and finances**

Gross loss for 2015 amounted to DKK 81m (DKK -127m in 2014). Profit for the year was DKK 3m (DKK 13m in 2014), which is as expected.

Management finds the result acceptable. Expectations for 2016 are at the same level as for 2015 – profit for the year around DKK 0m – 25m.

In January 2015 the company has been sold to a consortium of investors led by Solix Group AB.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## **Accounting policies**

The annual report of Cembrit Holding A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

## **Consolidated financial statements**

Pursuant to section 112(1) of the Danish Financial Statements Act, Cembrit Holding A/S has omitted to prepare consolidated financial statements. Cembrit Holding A/S is included in the consolidated financial statements of the Parent Cembrit Group A/S, Langelinie Allé 35, DK-2100 Copenhagen (Central Business Reg. No. 3647 7199).

## **Recognition and measurement**

Assets are recognised in the balance sheet if it is probable that future financial benefits will flow to the Company and the value of the asset can be measured reliably.

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

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is made as described below for each financial statement item.

Profits, losses and risks that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, including recognition of value adjustments of financial assets and liabilities that are measured at fair value. Furthermore, costs incurred to generate earnings for the year are recognised in the income statement, including depreciation/amortisation, impairment losses and provisions as well as reversal of entries as a result of changed accounting estimates of amounts formerly recognised in the income statement.

## **Foreign currency translation**

Foreign currency transactions are translated applying the exchange rate on the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.



When recognising foreign subsidiaries that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign group enterprises' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

## **Income statement**

### **Gross profit/loss**

The gross profit/loss contains other external expenses.

### **Other external expenses**

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, administrative expenses, promotion expenses, etc. This item also includes write-downs of receivables recognised under current assets.

### **Staff costs**

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for the Company's staff.

### **Depreciation, amortisation and impairment losses**

Amortisation, depreciation and impairment losses relating to plant and equipment as well as intangible assets comprise amortisation, depreciation and impairment losses for the year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of plant and equipment as well as intangible assets.

### **Income from investments in subsidiaries**

Income from investments in subsidiaries comprises the pro rata share of the individual subsidiaries' profit/loss after full elimination of intra-group profit/loss.

## **Other financial income**

Other financial income comprises interest income, including interest income from receivables from group enterprises, payables and foreign currency transactions, amortisation of financial income and tax relief under the Danish Tax Prepayment Scheme etc.

## **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses relating to payables to subsidiaries, payables and foreign currency transactions, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

## **Tax on profit/loss from ordinary activities**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

In 2015 the Company and its Danish subsidiaries are jointly taxed with the other Danish group enterprises owned by Cembril Group A/S. The share of the joint taxation income is fully allocated according to the current rules governing joint taxation.

## **Balance sheet total**

### **Intangible assets**

Intellectual property rights etc. are measured at cost less accumulated amortisation and impairment losses.

Amortisation is provided on a straight-line basis from the following assessment of the assets' expected useful lives:

- *Licenses acquired, up to 5 years*
- *Other intangible assets, up to 7 years*

The gain or loss arising from the disposal of an item of intangible assets is determined as the difference between the selling price net of selling costs and the carrying amount at the time of sale. Profits and losses are recognised in the income statement under other external expenses.

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

## **Plant and equipment**

Other 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 time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Depreciation is provided on a straight-line basis from the assessment of the assets' expected useful lives. Other fixtures and fittings, etc. are expected to have a useful life of 3-15 years.

Assets with a short useful life are recognised in the income statement in the year of acquisition.

The gain or loss arising from the disposal of an item of plant and equipment is determined as the difference between the selling price net of selling costs and the carrying amount at the time of sale. Profits and losses are recognised in the income statement under administrative and other expenses.

Plant and equipment are written down to the lower of recoverable amount and carrying amount.

## **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised positive or negative goodwill and plus or minus unrealised intra-group profits or losses.

Subsidiaries with a negative equity value are measured at DKK 0, and any receivables from these entities are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds receivables, the remaining amount is recognised under other payables if the Parent has a legal or constructive obligation to cover the liabilities of the relevant entity.

Upon distribution of profit/loss, net revaluation of investments in subsidiaries is transferred to Reserve for net revaluation according to the equity method in equity.

Investments in subsidiaries are written down to the lower of recoverable amount and carrying amount.

## **Receivables**

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

## **Cash**

Cash comprises cash at bank and in hand.

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax base of assets and liabilities, for which the tax base of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### **Equity - dividend**

Dividend is recognised as a liability at the time of adoption at the annual general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually equals nominal value.

### **Derivatives**

Derivatives are initially recognized in the balance sheet at cost and subsequently measured according to fair value at the balance sheet date. The fair value of derivatives is included in Other receivables (positive fair value) or Other liabilities (negative fair value) as the case may be. Positive fair values are only offset against negative fair values if the enterprise is entitled to and intends to make a net settlement of several financial instruments (cash settlement). The fair values of derivatives are measured on the basis of market data and recognized valuation methods.

Changes in the fair value of derivatives that are classified as and fulfil the criteria for hedging of future cash flow (cash flow hedge) are recognized directly in the equity until the hedged item is realized. When the item is realized the changes in value are recognized in the same accounting entry as the hedged item.

Derivatives that do not fulfil the criteria for hedge accounting are regarded as trading portfolio and recognized in the balance sheet at fair value on the balance sheet date. Value adjustments are recognized in the income statement as financial items.

### **Cash-flow statement**

Cembrit Holding A/S' cash-flow statement is included in the consolidated cash-flow statement statements of the Parent Cembrit Group A/S, Langelinie Allé 35, DK-2100 Copenhagen (Central Business Reg. No. 3647 7199).

## Income statement for 2015

DKK'000	Note	2015	2014
<b>Gross profit/loss</b>		(80,865)	(127,080)
Staff costs	1	(28,313)	(38,520)
Amortisation and impairment losses on intangible assets		(12,414)	(12,970)
<b>Operating profit/loss</b>		(121,592)	(178,570)
Income from investments in subsidiaries		132,397	158,935
Profit / loss on disposal of undertakings and activities		6,676	0
Financial income	2	15,171	890
Financial expenses	3	(65,817)	(8,464)
<b>Profit/loss from ordinary activities before tax</b>		(33,165)	(27,209)
Tax on profit/loss from ordinary activities		35,865	39,811
<b>Profit/loss for the year</b>		2,700	12,602
 <b>Proposed distribution of profit/loss</b>			
Retained earnings		2,700	12,602

## Balance sheet at 31 December 2015

DKK'000	Note	2015	2014
<b>ASSETS</b>			
Licenses acquired		1,773	2,438
Other intangible assets		68,405	53,334
<b>Intangible assets</b>		<b>70,178</b>	<b>55,772</b>
Other fixtures and fittings, tools and equipment,		6,110	6,345
<b>Plant and equipment</b>		<b>6,110</b>	<b>6,345</b>
Investments in subsidiaries	4	911,163	813,680
Deferred tax asset		25,004	0
<b>Fixed asset investments</b>		<b>936,167</b>	<b>813,680</b>
<b>Fixed assets</b>		<b>1,012,455</b>	<b>875,797</b>
Receivables from group enterprises		242,379	110,754
Other receivables		5,068	3,656
<b>Receivables</b>		<b>247,447</b>	<b>114,410</b>
<b>Cash</b>		113	559
<b>Current assets</b>		<b>247,560</b>	<b>114,969</b>
<b>ASSETS</b>		<b>1,260,015</b>	<b>990,766</b>

## Balance sheet at 31 December 2015

DKK'000	Note	2015	2014
<b>Equity</b>	<b>5</b>	<b>282,925</b>	<b>270,607</b>
Deferred tax		0	2,175
Bank debt		190,386	0
Payable to related parties		590,249	0
Financial Instruments	6	2,429	0
<b>Liabilities and provisions</b>		<b>783,064</b>	<b>2,175</b>
Bank debt		37,658	0
Payables to group enterprises		139,151	692,090
Provisions		1,038	0
Other payables		16,179	25,894
<b>Current liabilities other than provisions</b>		<b>194,026</b>	<b>717,984</b>
<b>Total liabilities other than provisions</b>		<b>977,090</b>	<b>720,159</b>
<b>EQUITY AND LIABILITIES</b>		<b>1,260,015</b>	<b>990,766</b>
<b>Contingent liabilities</b>	7		
<b>Ownership</b>	8		

## Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2015	83,000	187,607	270,607
Exchange rate adjustments etc.	0	11,511	11,511
Transfer, see distribution of profit/loss	0	2,700	2,700
Other equity adjustments	0	(1,893)	(1,893)
<b>Equity at 31 December 2015</b>	<b>83,000</b>	<b>199,925</b>	<b>282,925</b>

Share capital has not changed in the last five years.



## Annual report 1 January – 31 December

### Notes

<b>1</b>	<b>Staff costs</b>		
	DKK'000	2015	2014
		<hr/>	<hr/>
	Salaries and wages	26,443	36,615
	Pensions	1,430	1,544
	Other social security costs	440	361
		<hr/>	<hr/>
		28,313	38,520
		<hr/>	<hr/>
	Number of employees	45	43
		<hr/>	<hr/>
<b>2</b>	<b>Financial income</b>		
	Financial income group enterprises	7,097	402
	Exchange rate adjustments	7,521	488
	Other financial income	553	0
		<hr/>	<hr/>
		15,171	890
		<hr/>	<hr/>
<b>3</b>	<b>Financial expenses</b>		
	Financial expenses to group enterprises	40,764	7,697
	Exchange rate adjustments	8,892	764
	Other financial expenses	16,161	3
		<hr/>	<hr/>
		65,817	8,464
		<hr/>	<hr/>

## **Annual report 1 January – 31 December**

### **4 Investments in subsidiaries**

Name and registered office	Ownership interest
Cembrit A/S, Denmark	100%
Cembrit a.s., the Czech Republic	100%
Cembrit Oy, Finland	100%
Cembrit Production Oy, Finland	100%
Cembrit S. A., Poland	100%
Cembrit Ltd., Great Britain	100%
Cembrit FB Sp. z o.o., Poland	100%
Cembrit AB, Sweden	100%
Cembrit AS, Norway	100%
DKCF ApS, Denmark	100%
Cembrit Kft., Hungary	100%
Cembrit N.V., Belgium	100%
Robinglade Limited, Ireland	100%
Cembrit Export ApS under frivillig likvidation, Denmark	100%

### **5 Equity**

The share capital is composed as follows:

A shares, 1 of a nominal DKK 83,000,000

### **6 Financial instruments**

At 31 December 2015 the market value of the Company's interest rate swap is DKK -2.4m. Loss recognized in equity on interest rate swap contract as of 31 December 2015 will be continuously released to the income statement within finance cost until the repayment of the bank loan.

## **Annual report 1 January – 31 December**

### **7 Contingent liabilities**

DKK'000	<u>2015</u>	<u>2014</u>
Lease commitments (operating leases) mature within 5 years calculated in nominal value at a total of	<u>3,653</u>	<u>3,058</u>

Willingness has been expressed to support a few subsidiaries. Cembrit Holding A/S has as the principal a contingent liability consisting of a residual risk in relation to the individual subsidiaries.

Cembrit Holding A/S participates in a Danish joint taxation arrangement with Cembrit Group A/S. Therefore, the Company has partial joint and partial secondary liability for any obligations to withhold tax on interest, royalties and dividend for the jointly taxed companies. However, secondary liability cannot exceed an amount equalling the share of capital held by the Company, which is owned directly or indirectly by the ultimate parent.

### **8 Ownership**

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital at 31 December 2015:

Cembrit Group A/S  
Langelinie Allé 35  
DK-2100 Copenhagen

Cembrit Holding A/S is included in the Consolidated financial statement of the ultimate parent company, Cembrit Group A/S.