

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

Annual report 2016

The Annual General Meeting adopted the annual report on ¹⁷/₅ 2017

Chairman of the Annual General Meeting



Name: Rikke Alsted Houlberg

General Counsel

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Entity details

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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 / 2017.

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 2016 to 31 December 2016.

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 2016 and of the results of its operations for the financial year 1 January 2016 – 31 December 2016.


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, 27 April 2017

Executive Board


MARTIN JERMIN
President and CEO

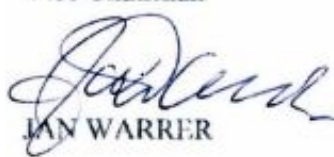

KASPAR R. KRISTIANSEN
Vice President and CFO


Board of Directors


KENT ARENTOFT
Chairman



DENIS VIET-JACOBSEN
Vice Chairman


SIGGE LENNART HARALDSSON


JAN WARRER


JOIAN OLOF CERVIN


TROELS BRIX NIELSEN*


DORTE NICOLAYSEN*


CARSTEN EJBERG JENSEN*

*Employee Representatives

Independent auditor's report

To the Shareholder of Cembritholding A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cembritholding A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements 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 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 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 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. 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 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 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 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.

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.

Aalborg, 27 April 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31



Mikkel Sthyr
State Authorised Public Accountant



Søren Korgaard-Møllerup
State Authorised Public Accountant

Management Commentary

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 2016 amounted to DKK 64m (-DKK 81m in 2015). Loss for the year was DKK 54m (profit of DKK 3m in 2015), which is lower than expected.

The result is not at a satisfactory level, however when looking at the market conditions and the current operational setup it is reasonable.

Investments

A new ERP system has been successfully implemented in the majority of Cembrit during 2016. The roll-out of new ERP to the remaining companies in the Group will be completed in 2017.

Expectations to 2017

Despite the challenging market conditions, which are expected to continue in 2017, the Company expects a growth in operating profit – driven by both existing and new markets as well as optimization of the operations setup.

Research and development activities

Cembrit conducts ongoing research into new raw materials, production techniques and product development. Cembrit wishes to continue and strengthen these activities.

A new R&D Support Centre has been established in Czech Republic from 1 January 2016 and both R&D function and Group Product Innovation function has been enlarged by employing a number of new resources during 2016 in order to increase product management activities including development of new products, production techniques etc.

Knowledge resources

It is important for Cembrit's continuing growth strategy to attract and retain a well-educated labor force. Significant resources are spent on training employees to keep enhancing the knowledge level. Strong leadership, knowledge sharing and well-performed communication are essential keywords and require focused and dedicated employees with great insight in the markets, products and the Company.

The engagement and motivation of employees and managers has a significant impact on the ability and the prospects of Cembrit to achieve its business goals. Therefore an employee engagement survey was conducted in 2016. The purpose of the employee survey was to obtain a tool that will support the dialogue between managers and employees, thereby ensuring an overall high level of engagement, and to focus on the scope for continued improvement of employee engagement.

Considering the amount and pace of changes in the organization, the result was very satisfactory. Key results from the survey:

- Overall engagement is strong with above benchmark results
- Cembrit have strong local managers who demonstrate good leadership and feel empowered to lead
- Cembrit have dedicated employees who go the extra mile for its colleagues and customers
- The employees co-operate well in Cembrit – especially when they face tough situations together

On the improvement side, the employees asked for better processes and tools to support changes in the organization. This will continue to be a focus in the future and will be significant improved when the ERP system is fully rolled-out.

Environment

The objective of Cembrit is to manufacture fibre cement products on a commercial basis as efficiently as possible with the least impact on the environment and resources.

Cembrit strive to cooperate actively with the local authorities and stakeholders, in order to avoid possible risks to the environment.

Cembrit adhere to environmental regulatory requirements and keep the related activities of the company in compliance with valid permits. Cembrit encourage staff to environmentally-friendly mode of operation and high focus is paid on using environmentally friendly materials.

Several initiatives are implemented to reduce the environmental impact. Water from production sites is cleansed and waste products are recycled as much as possible.

The environmental-friendly focus is not only an important factor linked to existing production activities but is also affecting decision making when it comes to development of new products.

Events occurring after the balance sheet date

Cembrit has refinanced the Groups external debt package to secure the needed funding – both short and long term – to realize the strategy plan approved by the Board of directors. The refinancing has been done through a bond issue. The senior and junior debt has been repaid – only the Groups revolvers are still in place.

No other events have occurred after the balance sheet date.

Financial Highlights

DKK (000)	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenue	0	0	0	0	0
Operating profit/loss	(91,855)	(106,620)	(178,570)	(121,572)	(120,983)
Earnings from financial items, net	(4,783)	(7,849)	(7,574)	(50,646)	(49,570)
Profit for the year	14,390	(47,583)	12,602	2,700	(54,876)
Total assets	893,644	873,270	990,766	1,260,015	1,611,464
Equity	359,654	259,555	270,607	282,925	205,908
Investments tangible assets	1,180	953	3,639	932	2,460
Number of employees	42	45	43	45	50

Accounting policies

The annual report of Cembrit Holding A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises.

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

The Annual Report is presented in Danish Kroner (DKK).

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 ultimate parent Company Cembrit Group A/S, Sohngårdsholmsvej 2, DK-9000 Aalborg (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.

The residual profit / loss from the "Residual Income Model" is included in other external expenses as well.

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.

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 2016 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.

Development projects, for which the technical rate of utilisation, sufficient resources and a potential future market or application in the Group can be demonstrated and which are intended to be manufactured, marketed or used, are recognised as development projects. This requires that the cost can be determined and it is sufficiently certain that the future earnings or the net selling price will cover production, sales and administrative costs plus the development costs. Other development costs are recognised in the income statement when the costs are incurred. Development costs consist of salaries and other costs that are directly attributable to development activities.

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*
- *Completed development projects, up to 10 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.

Tangible assets

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

According to § 86.4 in the Danish Financial Statements Act, Cembrin Holding A/S' cash-flow statement is included in the consolidated cash-flow statement statements of the Parent Cembrin Group A/S, Sohngårdsholmsvej 2, DK-9000 Aalborg (Central Business Reg. No. 3647 7199).

Income statement

DKK'000	Note	2016	2015
Gross profit/loss		(64,191)	(80,865)
Staff costs	1	(36,377)	(28,313)
Amortisation, depreciations and impairment losses	5/6	(20,415)	(12,414)
Operating profit/loss		(120,983)	(121,592)
Income from investments in subsidiaries	7	79,616	132,397
Profit / loss on disposal of undertakings and activities		0	6,676
Financial income	2	37,491	15,171
Financial expenses	3	(87,061)	(65,817)
Profit/loss from ordinary activities before tax		(90,937)	(33,165)
Tax on profit/loss from ordinary activities	4	36,061	35,865
Profit/loss for the year		(54,876)	2,700
 Proposed distribution of profit/loss			
Retained earnings	4	(57,683)	35,865
Reserve for development costs		2,807	0
		(54,876)	2,700

Balance sheet at 31 December

DKK'000	Note	2016	2015
ASSETS			
Licenses acquired		1,809	1,773
Other intangible assets		86,120	68,405
Completed development projects		954	0
Intangible assets under development		2,725	0
Intangible assets	5	91,608	70,178
Other fixtures and fittings, tools and equipment,	6	6,907	6,110
Tangible assets		6,907	6,110
Investments in subsidiaries	7	866,583	911,163
Fixed asset investments		866,583	911,163
Fixed assets		965,098	987,451
Receivables from group enterprises		584,618	242,379
Other receivables		10,807	5,068
Deferred tax asset	8	50,697	25,004
Receivables		646,122	272,451
Cash		244	113
Current assets		646,366	272,564
ASSETS		1,611,464	1,260,015

DKK'000	Note	<u>2016</u>	<u>2015</u>
LIABILITIES			
Equity	9	<u>205,908</u>	<u>282,925</u>
Provisions	12	<u>9,379</u>	<u>1,038</u>
Payable to related parties	10	533,789	590,249
Bank debt	10	146,300	190,386
Financial Instruments	11	9,026	2,429
Liabilities other than provisions		<u>689,115</u>	<u>783,064</u>
Bank debt	10	44,086	37,658
Payables to related parties	10	642,034	139,151
Other payables		20,942	16,179
Current liabilities other than provisions		<u>707,062</u>	<u>192,988</u>
Total liabilities other than provisions		<u>1,396,177</u>	<u>976,052</u>
EQUITY AND LIABILITIES		<u>1,611,464</u>	<u>1,260,015</u>
Contingent liabilities	13		
Group Annual Report	14		
Events occurring after the balance sheet date	15		

Statement of changes in equity

DKK (000)	Share capital	Reserve for develop- ment costs	Value adj. hedging	Retained earnings	Total
Equity at 1 January 2016	83,000	0	(2,429)	202,354	282,925
Exchange rate adjustments etc.				(23,027)	(23,027)
Profit/loss for the year		2,807		(57,683)	(54,876)
Other equity adjustments			(549)	1,435	886
Equity at 31 December 2016	83,000	2,807	(2,978)	122,207	205,908

Share capital has not changed in the last five years.

Annual report 1 January – 31 December

Notes

1 Staff costs

DKK'000	2016	2015
Salaries and wages	33,572	26,443
Pensions	1,858	1,430
Other social security costs	947	440
	36,377	28,313
Number of employees	50	45

Remuneration of the Board of Directors and Management

Salaries and wages	14,774	6,935
	14,774	6,935
Hereof management	13,554	5,778
Hereof Board of directors	1,220	1,157

Cembrit Group established in 2015 a management incentive programme for a part of the management team.

Termination benefit for executive vice president, who leaves the Group during first half year in 2017, has been included in remuneration for management for 2016

2 Financial income

DKK'000		
Financial income group enterprises	26,054	7,097
Exchange rate adjustments	11,437	7,521
Other financial income	0	553
	37,491	15,171

3 Financial expenses

DKK'000		
Financial expenses to group enterprises	56,047	40,764
Exchange rate adjustments	11,489	8,892
Other financial expenses	12,183	10,479
Borrowing costs	7,342	5,682
	87,061	65,817

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4 Tax for the year DKK'000

Current tax on profit/loss for the year	9,960	8,302
Adjustment of current tax on profit/loss previous years	(125)	917
Adjustment of deferred tax	25,883	27,595
Adjustment of deferred tax previous years	343	(1,044)
Adjustment previous years, change of tax rate	0	95
	36,061	35,865

5 Intangible assets

DKK (000)	Licenses acquired	Other intan- gible assets	Completed development projects	Intangible assets under development
Cost at 1 January 2016	7,357	98,484	0	0
Additions	1,041	35,442	972	2,725
Cost at 31 December 2016	8,398	133,926	972	2,725
Amortization and impair- ment at 1 January 2016	5,584	30,079	0	0
Amortizations	1,005	17,727	18	0
Amortization and impair- ment at 31 December 2016	6,589	47,806	18	0
Carrying amount at 31 December 2016	1,809	86,120	954	2,725

Development projects, for which the technical rate of utilisation, sufficient resources and a potential future market or application in the Group can be demonstrated and which are intended to be manufactured, marketed or used, are recognised as development projects. This requires that the cost can be determined and it is sufficiently certain that the future earnings or the net selling price will cover production, sales and administrative costs plus the development costs. Other development costs are recognised in the income statement when the costs are incurred. Development costs consist of salaries and other costs that are directly attributable to development activities.

Annual report 1 January – 31 December

6 Tangible assets

DKK (000)	Plant & machinery	Operating equipment, fixtures and fittings	Total
Cost at 1 January	4,077	7,210	11,287
Additions	0	2,460	2,460
Other adjustment	0	2	2
Cost at 31 December	4,077	9,672	13,749
Depreciations and impairment at 1 January	1,706	3,471	5,177
Depreciations	306	1,359	1,665
Depreciations and impair- ment at 31 December	2,012	4,830	6,842
Carrying amount at 31 December 2016	2,065	4,842	6,907

7 Investment in subsidiaries

DKK (000)	2016
Cost at 1 January	1,265,964
Additions	860
Disposals	(125)
Cost at 31 December	1,266,699
Adjustments 1 January	(352,831)
Profit share	79,616
Dividends for the year	(104,092)
Exchange rate, hedging and other adjustments	(22,809)
Adjustments at 31 December	(400,116)
Carrying amount at 31 December	866,583

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 Production S. A., Poland	100%
Cembrit Ltd., Great Britain	100%
Cembrit Sp. z o.o., Poland	100%
Cembrit AB, Sweden	100%
Cembrit AS, Norway	100%
DKCF ApS, Denmark	100%
Cembrit Kft., Hungary	100%

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Cembrit NV/SA, Belgium	100%
Cembrit Ireland Limited, Ireland	100%
Cembrit Inc., USA	100%
Cembrit GmbH, Germany	100%

8 Deferred tax asset

DKK (000)	Beginning Balance	Adj. previous years	Tax on equity	Move in P&L	Total
Intangible Assets	(7,109)			(4,018)	(11,127)
Tangible Assets	978			1,221	2,199
Total current and non current liabilities	1,467			521	1,988
Tax losses	29,668	343	(533)	28,159	57,637
Carrying amount at 31 December 2016	25,004	343	(533)	25,883	50,697

The tax value of losses that are expected with adequate certainty to be available for utilization against future taxable income jurisdiction is included in the measurement of deferred tax.

9 Equity

The share capital is composed as follows:

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

10 Bank debt and payable to related parties

DKK '000	2016	2015
Within one year	686,120	176,809
Between one and five years	680,089	780,635
After five years	0	0
Total	1,366,209	957,444

11 Financial instruments

At 31 December 2016 the market value of the Company's interest rate swap is DKK -3.1m. Loss recognized in equity on interest rate swap contract as of 31 December 2016 will be continuously released to the income statement within finance cost until the repayment of the bank loan.

12 Provisions

The provisions are related to restructuring.

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13 Contingent liabilities

DKK'000	<u>2016</u>	<u>2015</u>
Lease commitments (operating leases) mature within 5 years calculated in nominal value at a total of	<u>5,940</u>	<u>3,653</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.

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

15 Events occurring after the balance sheet date

Cembrit has refinanced the Groups external debt package to secure the needed funding – both short and long term – to realize the strategy plan approved by the Board of directors. The refinancing has been done through a bond issue. The senior and junior debt has been repaid – only the Groups revolvers are still in place.

No other events have occurred after the balance sheet date.