Dansk Skorstens Teknik A/S

Havdigevej 21, 6700 Esbjerg

CVR no. 19 34 86 87

Annual report 2017/18

Approved at the Company's annual general meeting on 30 May 2018

Chairman:

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Fréderic Coirier

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Dansk Skorstens Teknik A/S for the financial year 1 April 2017 - 31 March 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018.

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 be approved at the annual general meeting.

Esbjerg, 30 May 2018
Executive Board:

Gildas Léauté

Board of Directors:

Frederic Coirier Chairman	Gildas Léauté	Kurt Hedegaard Carstensen

Independent auditor's report

To the shareholders of Dansk Skorstens Teknik A/S

Opinion

We have audited the financial statements of Dansk Skorstens Teknik A/S for the financial year 1 April 2017 - 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018 in accordance with the Danish Financial Statements Act.

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

Independence

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 rules and requirements.

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 as to 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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.

Independent auditor's report

- 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 30 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised Public Accountant
MNE no.: mne35420

Management's review

Company details

Name	Dansk Skorstens Teknik A/S
Address, Postal code, City	Havdigevej 21, 6700 Esbjerg
CVR no.	19 34 86 87
Established	24 June 1996
Registered office	Esbjerg
Financial year	1 April 2017 - 31 March 2018
Website	www.dst-as.dk
E-mail	mail@dst.dk
Telephone	+45 75 45 05 40
Board of Directors	Fréderic Coirier, Chairman Gildas Léauté Kurt Hedegaard Carstensen
Executive Board	Gildas Léauté
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33, 6700 Esbjerg, Denmark

Management's review

Business review

The primary activity of the Company is service related acitivities within steel chimneys and other related activities hereby.

Financial review

The income statement for 2017/18 shows a profit of DKK 362,379 against a profit of DKK 1,517,495 last year, and the balance sheet at 31 March 2018 shows equity of DKK 3,701,393.

Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The Company's activities and earnings for 2018/19 are expected to be the same or at a higher level compared to 2017/18.

Financial statements 1 April 2017 - 31 March 2018

Income statement

Note	DKK	2017/18 12 months	2016/17 15 months
	Gross margin	6,056,603	10,026,361
2	Staff costs	-5,309,654	-7,770,710
	Depreciation of property, plant and equipment	-276,419	-299,847
	Profit before net financials	470,530	1,955,804
3	Financial expenses	-4,451	-4,225
	Profit before tax	466,079	1,951,579
4	Tax for the year	-103,700	-434,084
	Profit for the year	362,379	1,517,495
	Recommended appropriation of profit		
	Retained earnings	362,379	1,517,495
		362,379	1,517,495

Financial statements 1 April 2017 - 31 March 2018

Balance sheet

Note	DKK	2017/18	2016/17
	ASSETS		
	Fixed assets		
5	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	477,221	737,750
		477,221	737,750
	Total fixed assets	477,221	737,750
	Non-fixed assets		
	Inventories		
	Work in progress	356,690	451,680
		356,690	451,680
	Receivables		
	Trade receivables	891,942	2,601,059
6	Work in progress for third parties	631,046	875,483
	Receivables from group enterprises	1,408,250	524,115
	Other receivables	0	5,710
	Prepayments	98,517	76,613
		3,029,755	4,082,980
	Cash	1,140,514	2,573,199
	Total non-fixed assets	4,526,959	7,107,859
	TOTAL ASSETS	5,004,180	7,845,609

Financial statements 1 April 2017 - 31 March 2018

Balance sheet

Note	DKK	2017/18	2016/17
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500,000	500,000
	Retained earnings	3,201,393	2,839,014
	Total equity	3,701,393	3,339,014
	Provisions		
	Deferred tax	91,900	118,000
	Total provisions	91,900	118,000
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	42,599	17,999
6	Construction contracts	47,897	212,131
	Trade payables	72,037	525,509
	Payables to group enterprises	0	2,241,001
	Corporation tax payable	129,800	193,974
	Other payables	918,554	1,197,981
		1,210,887	4,388,595
	Total liabilities other than provisions	1,210,887	4,388,595
	TOTAL EQUITY AND LIABILITIES	5,004,180	7,845,609

1 Accounting policies
7 Contractual obligations and contingencies, etc.
8 Related parties

Financial statements 1 April 2017 - 31 March 2018

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 April 2017	500,000	2,839,014	3,339,014
Transfer through appropriation of profit	0	362,379	362,379
Equity at 31 March 2018	500,000	3,201,393	3,701,393

The Company's share capital is not divided into several classes.

The Company's share capial has remained DKK 500,000 over the past 5 years.

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies

The annual report of Dansk Skorstens Teknik A/S for 2017/18 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Contract work in progress is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When income from a construction contract cannot be estimated reliably, revenue is recognised only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

The stage of completion is determined by reference to the proportion of costs incurred to the latest cost estimate.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, change in work in progress, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies (continued)

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years

Financial income and expenses

Financial income and financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with the parent company. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies (continued)

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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. Deferred tax assets are recognised 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

	DKK	2017/18 12 months	2016/17 15 months
2	**Staff costs**		
	Wages/salaries	4,631,707	6,610,859
	Pensions	203,015	397,613
	Other social security costs	124,038	108,999
	Other staff costs	350,894	653,239
		5,309,654	7,770,710
	Average number of full-time employees	9	11
3	**Financial expenses**		
	Interest expenses, group entities	1,914	4,194
	Other financial expenses	2,537	31
		4,451	4,225
4	**Tax for the year**		
	Estimated tax charge for the year	129,800	392,084
	Deferred tax adjustments in the year	-26,100	42,000
		103,700	434,084

5 **Property, plant and equipment**

DKK	Fixtures and fittings, other plant and equipment
Cost at 1 April 2017	1,922,494
Additions	15,890
Disposals	-125,369
Cost at 31 March 2018	1,813,015
Impairment losses and depreciation at 1 April 2017	1,184,744
Depreciation	276,419
Depreciation and impairment of disposals	-125,369
Impairment losses and depreciation at 31 March 2018	1,335,794
Carrying amount at 31 March 2018	477,221

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

DKK	2017/18	2016/17
6 Work in progress for third parties		
Selling price of work performed	3,412,367	3,642,467
Progress billings	-2,829,218	-2,979,115
	583,149	663,352
recognised as follows:		
Work in progress for third parties (assets)	631,046	875,483
Work in progress for third parties (liabilities)	-47,897	-212,131
	583,149	663,352

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK	2017/18	2016/17
Guarantee commitments	12,595	12,595
	12,595	12,595

Guarantee commitments comprises recourse and non-recourse guarantee commitments.

The Company is jointly taxed with its parent company, VL Staal a/s, which acts as management company, and has limited and alternative liability for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 17 November 2016.

Other financial obligations

Rent and lease liabilities include a rent obligation totalling DKK 102 thousand during a 6 month notice period.

8 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Poujoulat SA	France	www.poujoulat.fr

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
VL Staal a/s	Esbjerg, Denmark
DST HOLDING ESBJERG ApS	Esbjerg, Denmark