

**KINGSPAN A/S**

**Mercurvej 12 A, 9530 Støvring**

**Annual report for 2018**

**CVR no. 26 06 52 67**

Adopted at the annual general meeting on 8 April 2019

chairman: David McMahon

A handwritten signature in black ink, appearing to read 'D. McMahon', is written over the printed name of the chairman.

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## Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of KINGSPAN A/S for the financial year 1 January - 31 December 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 company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Støvring, 8 April 2019


### Executive board



Per Baumann Røddik  
director

### Supervisory board

David McMahon  
chairman



Jitka Nemcova



David Kasik



# **Independent auditor's report**

## **To the shareholders of Kingspan A/S**

### **Opinion**

We have audited the financial statements of Kingspan A/S for the financial year 1 January – 31 December 2018, comprising income statement, balance sheet 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 Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's responsibility for the financial statements**

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

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.

## **Independent auditor's report**

### **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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.

## Independent auditor's report

### 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.

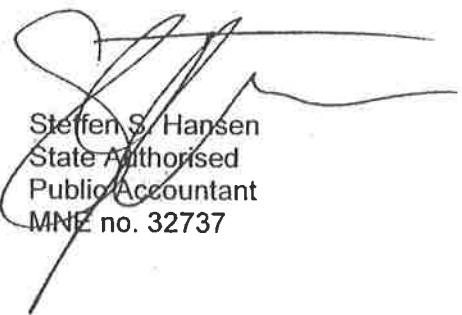
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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.

Aalborg, 30 April 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98



Steffen S. Hansen  
State Authorised  
Public Accountant  
MNE no. 32737

## Company details

<b>The company</b>	KINGSPAN A/S Mercurvej 12 A 9530 Støvring
	CVR no.: 26 06 52 67
	Reporting period: 1 January - 31 December 2018
	Domicile: Rebild
<b>Supervisory board</b>	David McMahon, chairman Jitka Nemcova David Kasik
<b>Executive board</b>	Per Baumann Røddik, director
<b>Auditors</b>	KPMG Statsautoriseret Revisionspartnerselskab Østre Havnegade 18 9000 Aalborg

## **Management's review**

### **Business activities**

The company's main activity is insulation designs and insulated panels for industrial buildings. The company has by 1 January 2018 as the continuing company merged with Paroc Panel System A/S. As the merger solely is made intercompany the uniting of interest method has been applied for preparation of annual report 2018. Comparison figures for 2017 has not been restated.

### **Business review**

The company's income statement for the year ended 31 December shows a profit of DKK 2.069.410, and the balance sheet at 31 December 2018 shows equity of DKK 16.180.709.

### **Significant events occurring after end of reporting period**

No events have occurred after the balance sheet date which could significantly affect the company's financial position.



## Income statement 1 January - 31 December

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Gross profit		9.938.971	6.397.196
Staff costs	1	<u>-6.823.518</u>	<u>-5.329.015</u>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	<u>-82.658</u>	<u>-56.319</u>
<b>Profit before net financials</b>		<b>3.032.795</b>	<b>1.011.862</b>
Financial costs		<u>-267.208</u>	<u>-35.212</u>
<b>Profit before tax</b>		<b>2.765.587</b>	<b>976.650</b>
Tax on profit for the year	3	<u>-696.177</u>	<u>-126.460</u>
<b>Profit/loss for the year</b>		<b><u>2.069.410</u></b>	<b><u>850.190</u></b>
Retained earnings		<u>2.069.410</u>	<u>850.190</u>
		<b><u>2.069.410</u></b>	<b><u>850.190</u></b>

## Balance sheet 31 December

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
<b>Assets</b>			
Other fixtures and fittings, tools and equipment		<u>518.543</u>	<u>133.547</u>
<b>Fixed assets</b>		<u>518.543</u>	<u>133.547</u>
<b>Total non-current assets</b>		<u>518.543</u>	<u>133.547</u>
Raw materials and consumables		<u>351.751</u>	<u>406.341</u>
<b>Stocks</b>		<u>351.751</u>	<u>406.341</u>
Trade receivables		12.104.106	20.713.283
Receivables from subsidiaries		1.220.818	1.121.002
Other receivables		48.295	25.945
Deferred tax asset		1.117	15.188
Prepayments		<u>234.002</u>	<u>173.758</u>
<b>Receivables</b>		<u>13.608.338</u>	<u>22.049.176</u>
<b>Cash at bank and in hand</b>		<u>6.313.966</u>	<u>1.674.501</u>
<b>Total current assets</b>		<u>20.274.055</u>	<u>24.130.018</u>
<b>Total assets</b>		<u>20.792.598</u>	<u>24.263.565</u>

## Balance sheet 31 December

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
<b>Equity and liabilities</b>			
Share capital		2.000.000	500.000
Retained earnings		<u>14.180.709</u>	<u>10.812.042</u>
<b>Equity</b>		<u><b>16.180.709</b></u>	<u><b>11.312.042</b></u>
Banks		0	8.024.450
Trade payables		417.559	533.405
Corporation tax		389.096	1.283
Other payables		<u>3.805.234</u>	<u>4.392.385</u>
<b>Total current liabilities</b>		<u><b>4.611.889</b></u>	<u><b>12.951.523</b></u>
<b>Total liabilities</b>		<u><b>4.611.889</b></u>	<u><b>12.951.523</b></u>
<b>Total equity and liabilities</b>		<u><b>20.792.598</b></u>	<u><b>24.263.565</b></u>
Contingencies, etc.	4		
Related parties and ownership structure	5		

## Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	500.000	10.812.042	11.312.042
Net effect from merger and acquisition under the uniting of interests method	<u>1.500.000</u>	<u>1.299.257</u>	<u>2.799.257</u>
Adjusted equity at 1 January 2018	2.000.000	12.111.299	14.111.299
Net profit/loss for the year	<u>0</u>	<u>2.069.410</u>	<u>2.069.410</u>
Equity at 31 December 2018	<u>2.000.000</u>	<u>14.180.709</u>	<u>16.180.709</u>

## Notes

	<u>2018</u> DKK	<u>2017</u> DKK
<b>1 Staff costs</b>		
Wages and salaries	6.107.061	4.817.458
Pensions	620.617	444.155
Other social security costs	<u>95.840</u>	<u>67.402</u>
	<u>6.823.518</u>	<u>5.329.015</u>
Average number of employees	<u>8</u>	<u>7</u>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Depreciation tangible assets	<u>82.658</u>	<u>56.319</u>
	<u>82.658</u>	<u>56.319</u>
<b>3 Tax on profit for the year</b>		
Current tax for the year	591.096	215.283
Deferred tax for the year	17.074	2.466
Adjustment of tax concerning previous years	<u>88.007</u>	<u>-91.289</u>
	<u>696.177</u>	<u>126.460</u>
<b>4 Contingencies, etc.</b>		
Kingspan A/S is part in an ongoing dispute regarding delivery of panels in 2012		
Is it Management's assessment, that the claim is not expected to have any impact on the financial position of Kingspan A/S		
The parent company is jointly taxed with its danish group entities. The entities are jointly and severally liable for danish income taxes as well as withholding taxes on dividends, interest and royalties payable by the group of jointly taxed entities. Any subsequent corrections of income taxes and withholding taxes may increase the tax payable by the entities. The group as such is not liable to any third parties.		
<b>5 Related parties and ownership structure</b>		
Consolidated financial statements		

## Notes

### 5 Related parties and ownership structure (continued)

Kingspan A/S is part of consolidated financial statements of Hoesch Bausysteme GmbH, which is the smallest group the Company is included as a subsidiary.

## Accounting policies

The annual report of KINGSPAN A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2018 is presented in DKK

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### Recognition and measurement of business combinations

Business combinations of entities under the control of the parent company is accounted at book value and without restatement of comparative figures.

## Income statement

### Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

## Accounting policies

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

### Staff costs

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

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

## Balance sheet

### Fixed assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Software	3 years	0 %
Andre anlæg, driftsmateriel og inventar	3-7 years	0 %

### Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.



## Accounting policies

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

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

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

### Receivables

Receivables are measured at amortised cost.

### Equity

#### Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

#### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

### Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

