
Stark Group Holdings A/S

Gladsaxe Møllevej 5, DK-2860 Søborg

Annual Report for 1 August 2016 - 31 July 2017

CVR No 29 68 90 83

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
18/12 2017

Robert Goldsmith
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Stark Group Holdings A/S for the financial year 1 August 2016 - 31 July 2017.

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 at 31 July 2017 of the Company and of the results of the Company operations for 2016/17.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Gladsaxe, 18 December 2017

Executive Board

Simon Gray

Board of Directors

Graham Middlemiss
Chairman

Robert Peter Henry Goldsmith

Simon Gray

Independent Auditor's Report

To the Shareholder of Stark Group Holdings A/S

Opinion

We have audited the financial statements of Stark Group Holdings A/S for the financial year 01.08.2016 - 31.07.2017, which comprise the income statement, balance sheet and notes, including a summary of significant 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 Entity's financial position at 31.07.2017 and of the results of its operations for the financial year 01.08.2016 - 31.07.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the

Independent Auditor's Report

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Copenhagen, 18 December 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Kim Takata Mücke
State-Authorised
Public Accountant

Company Information

The Company

Stark Group Holdings A/S
Gladsaxe Møllevvej 5
DK-2860 Søborg

CVR No: 29 68 90 83
Financial period: 1 August - 31 July
Incorporated: 17 March 2003
Financial year: 14th financial year
Municipality of reg. office: Gladsaxe

Board of Directors

Graham Middlemiss, Chairman
Robert Peter Henry Goldsmith
Simon Gray

Executive Board

Simon Gray

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 København

Income Statement 1 August - 31 July

	Note	2016/17 TDKK	2015/16 TDKK
Other external expenses		-36.650	-75
Gross profit/loss		-36.650	-75
Financial income	3	10.009	11.015
Financial expenses	4	-57.549	-59.350
Profit/loss before tax		-84.190	-48.410
Tax on profit/loss for the year	5	1.569	3.802
Net profit/loss for the year		-82.621	-44.608

Distribution of profit

Proposed distribution of profit

Retained earnings		-82.621	-44.608
		-82.621	-44.608

Balance Sheet 31 July

	Note	2016/17 TDKK	2015/16 TDKK
Assets			
Receivables from group enterprises		513.855	552.123
Corporation tax		33.644	68.351
Receivables		547.499	620.474
Cash at bank and in hand		2.186	2.187
Assets relating to discontinued activities	6	4.430.136	4.430.136
Currents assets		4.979.821	5.052.797
Assets		4.979.821	5.052.797
Liabilities and equity			
Share capital		2.000	2.000
Retained earnings		3.018.739	3.101.360
Equity	7	3.020.739	3.103.360
Other provisions		36.650	0
Provisions		36.650	0
Credit institutions		199.657	152.236
Trade payables		75	75
Payables to group enterprises		1.722.700	1.748.514
Corporation tax		0	48.612
Short-term debt		1.922.432	1.949.437
Debt		1.922.432	1.949.437
Liabilities and equity		4.979.821	5.052.797
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Notes to the Financial Statements

1 Subsequent events

Agreement for the sale of investment in subsidiaries was signed on 10th November 2017 with an affiliate of Lone Star Funds, a global private equity firm for Euro 1.025.000.000 on a debt-free and cash-free basis. The completion of the transaction expected in first quarter of 2018 is subject to approval by government competition authorities in the region. As a result of this transaction, investments in subsidiaries have been presented as discontinued activities.

2 Key activities

The object of the Company is - directly or through portfolio investments in other companies - to carry on commercial and manufacturing business as well as investment activity.

	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK
3 Financial income		
Interest received from group enterprises	9.996	10.832
Other financial income	<u>13</u>	<u>183</u>
	<u>10.009</u>	<u>11.015</u>
4 Financial expenses		
Interest paid to group enterprises	54.889	57.469
Other financial expenses	<u>2.660</u>	<u>1.881</u>
	<u>57.549</u>	<u>59.350</u>
5 Tax on profit/loss for the year		
Current tax for the year	-7.280	-6.603
Adjustment of tax concerning previous years	<u>5.711</u>	<u>2.801</u>
	<u>-1.569</u>	<u>-3.802</u>

Notes to the Financial Statements

	2016/17	2015/16
	TDKK	TDKK
6 Discontinuing activities		
Investment in Subsidiaries	4.430.136	4.430.136
	4.430.136	4.430.136

Discontinued activities relates to the sale of Stark Group A/S business.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
DT Finland Oy	Finland	100%	436.025	-40.701
Starkki Property Oy	Finland	100%	108.752	1.804
DT Holding (Sweden) AB	Sweden	100%	157.049	-1
Beijer Byggmaterial AB	Sweden	100%	1.226.016	40.918
Beijer Byggmaterial i Uppsala AB	Sweden	100%	2.412	0
KB Huggjärnet 6	Sweden	100%	9.764	995
KB Näringen 8:4	Sweden	100%	9.504	686
Neumann Bygg AS	Norway	100%	122.475	7.204
Sandvold AS	Norway	100%	6.149	984
Stark Group A/S	Denmark	100%	908.326	-18.406
Stark Danmark A/S	Denmark	100%	3.373.175	-28.405
Electro Energy A/S	Denmark	100%	110.012	6.481
Hobro Ny Træløst A/S	Denmark	100%	11.196	490
Stark Føroyar PF	Faroe Islands	100%	-1.173	-1.672
Stark Kalaallit Nunaat A/S	Greenland	100%	112.743	11.507

7 Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 August	2.000	3.101.360	3.103.360
Net profit/loss for the year	0	-82.621	-82.621
Equity at 31 July	2.000	3.018.739	3.020.739

Notes to the Financial Statements

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Stark Group Holdings A/S is the administration company for the danish joint taxation. The total amount of corporation tax payable by the Group amounts to TDKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Company has no other contingent assets or liabilities.

9 Related parties

Basis

Controlling interest

Wolseley Nordic Holding AB

Wolseley Nordic Holding AB is the parent company.

Consolidated Financial Statements

The Company is included in the Annual Report of the parent company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Ferguson plc	St. Hellier, Jersey

The Group Annual Report of Ferguson plc may be obtained at the following address:

Grafenauweg 10, CH-6301, Zug, Switzerland

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Stark Group Holdings A/S for 2016/17 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 rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2016/17 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Ferguson plc, the Company has not prepared consolidated financial statements.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income Statement

Other external expenses

Other external expenses comprise Misc. corporate costs as well as the Company's administration, etc.

Notes to the Financial Statements

10 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Investment in subsidiaries are presented as held for sale.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legisla-

Notes to the Financial Statements

10 Accounting Policies (continued)

tion at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.