

Annual report for 2019

DKCF ApS

Gasværksvej 24, 1., 9000 Aalborg

CVR no. 30 72 43 13

Adopted at the annual general meeting on 3
July 2020

Karsten Riis Andersen
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 DKCF ApS for the financial year 1 January - 31 December 2019.

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 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

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

The financial statements have not been audited. Management considers the criteria for not auditing the financial statements to be met.

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

Aalborg, 3 July 2020

Executive board

Karsten Riis Andersen

Supervisory board

Jørn Mørkeberg Nielsen
chairman

Torben Axelsen

Karsten Riis Andersen

Company details

The company

DKCF ApS
Gasværksvej 24, 1.
9000 Aalborg

CVR no.: 30 72 43 13

Reporting period: 1 January - 31 December 2019

Incorporated: 19. July 2007

Domicile: Aalborg

Supervisory board

Jørn Mørkeberg Nielsen, chairman
Torben Axelsen
Karsten Riis Andersen

Executive board

Karsten Riis Andersen

Management's review

Business review

The company owns the shares in the subsidiary Cembrit SAS, France.

Financial review

The result for the year was a loss of DKK 2.4m which is as expected.

Significant events occurring after the end of the financial year

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

Outlook

With COVID-19 the level of uncertainty is high and accurately assessing the impact on our financial performance for 2020 is difficult. If the impact from COVID-19 is less material and the launched initiatives deliver as planned, performance is expected to improve in 2020 compared to 2019.

Forward-looking statements

Statements in the Annual Report 2019 concerning the future reflect the company's current expectations about future events and financial results. Statements concerning the future are naturally subject to uncertainty, and actual results may differ from expected results. COVID-19 has increased the level of uncertainty. Differences may be caused by, but are not limited to, economic and financial market developments, developments in product demand, competitive conditions etc. The company disclaims any liability to update or adjust statements in the Annual Report 2019 about future or possible reasons for differences between actual and anticipated results except where required by legislation.

Income statement 1 January - 31 December

	Note	2019 DKK'000	2018 DKK'000
Gross profit		-34	-157
Income from investments in subsidiaries		2.099	1.174
Impairment losses on financial assets		-4.548	-901
Financial income	3	14	35
Financial costs	4	-27	-170
Profit/loss before tax		-2.496	-19
Tax on profit/loss for the year		0	-59
Profit/loss for the year		-2.496	-78
Recommended appropriation of profit/loss			
Retained earnings		-2.496	-78
		-2.496	-78

Balance sheet 31 December

	Note	2019 DKK'000	2018 DKK'000
Assets			
Investments in subsidiaries	5	3.596	8.145
Fixed asset investments		3.596	8.145
Total non-current assets		3.596	8.145
Receivables from subsidiaries		0	3
Deferred tax asset		120	120
Receivables		120	123
Liquidity		823	0
Total current assets		943	123
Total assets		4.539	8.268

Balance sheet 31 December

	Note	2019 DKK'000	2018 DKK'000
Equity and liabilities			
Share capital		125	125
Retained earnings		4.346	6.842
Equity		4.471	6.967
Payables to subsidiaries		18	1.284
Other payables		50	17
Total current liabilities		68	1.301
Total liabilities		68	1.301
Total equity and liabilities		4.539	8.268
Liquidity	1		
Contingent liabilities	6		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2019	125	6.842	6.967
Net profit/loss for the year	0	-2.496	-2.496
Equity at 31 December 2019	125	4.346	4.471

Notes

1 Liquidity

The ultimate parent company Cembrit Group A/S has been financed with a EURm 115 bond, which expires in March 2021. Furthermore, the parent company Cembrit Holding A/S has a DKKm 75 bank credit facility, which DKCF ApS is included in via a cash-pool. The DKKm 75 bank credit facility expires in January 2021. A refinancing of the bond and the bank credit facility is being reviewed to ensure the long-term financing of Cembrit Group and the Cembrit Group companies, including DKCF ApS. A decision by Cembrit Group A/S Management on the refinancing is expected in the coming months

2 Accounting policies

The annual report of DKCF ApS for 2019 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 2019 is presented in DKK'000

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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 installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

Notes

2 Accounting policies

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Income statement

Gross profit

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

Gross profit reflects an aggregation of other external expenses.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial income and expenses

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

Profit/loss from investments in subsidiaries

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Tax on profit/loss for the year

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Notes

2 Accounting policies

Balance sheet

Investments in subsidiaries

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Impairment of fixed assets

The carrying amount of investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

Notes

2 Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

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.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

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

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

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

Notes

	2019 DKK'000	2018 DKK'000
3 Financial income		
Interest received from subsidiaries	0	32
Other financial income	14	3
	14	35

4 Financial costs		
Financial expenses, group entities	13	11
Other financial costs	14	159
	27	170

5 Investments in subsidiaries

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Cembrit SAS	France	100%

6 Contingent liabilities

The company is jointly taxed with its parent company, Cembrit Group A/S (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes for income year 2013 onwards as well as for payment of withholding taxes on dividends, interest and royalties which fall due for payment on or after 1 July 2012.