

Knauf Insulation A/S

c/o Rev og Råd ApS, Bymidten 80
3500 Værløse

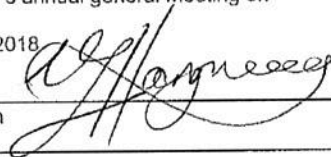
CVR no. 34 62 26 98

Annual report 2017

The annual report was presented and approved at the
Company's annual general meeting on

15 June 2018

Chairman



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Knauf Insulation A/S for the financial year 1 January – 31 December 2017.

The annual report has been 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

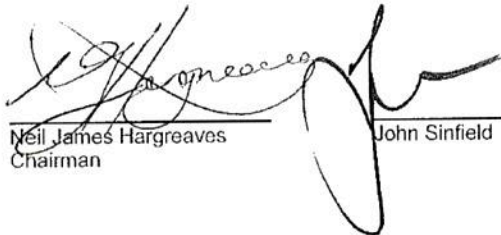
We recommend that the annual report be approved at the annual general meeting.

Værløse, 15 June 2018
Executive Board:



Erik Peter Lennart Isacsson

Board of Directors:



Neil James Hargreaves
Chairman

John Sinfield



Erik Peter Lennart Isacsson



Independent auditor's report

To the shareholder of Knauf Insulation A/S

Opinion

We have audited the financial statements of Knauf Insulation A/S for the financial year 1 January – 31 December 2017 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 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 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.

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 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.



Independent auditor's report

- 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 15 June 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Klaus Ryt
State Authorised
Public Accountant
MNE no. 33205

Knauf Insulation A/S
Annual report 2017
CVR no. 34 62 26 98

Management's review

Company details

Knauf Insulation A/S
c/o Rev og Råd ApS, Bymidten 80
3500 Værløse

CVR no.:	34 62 26 98
Established:	27 July 2012
Registered office:	Værløse
Financial year:	1 January – 31 December

Board of Directors

Neil James Hargreaves, Chairman
John Sinfield
Erik Peter Lennart Isacson

Executive Board

Erik Peter Lennart Isacson

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Management's review

Operating review

Principal activities

The Company's principal activity is to carry out business within the insulation sector and business related thereto.

Development in activities and financial position

Gross profit for the year amounts to DKK 8,7 million (2016: DKK 4,2 million). Profit from ordinary activities after tax amounts to DKK 1,5 million (2016: DKK 0.06 million). The balance sheet shows an equity of DKK 2,9 million at 31 December 2017 (31 December 2016: DKK 1.5 million).

Events after the balance sheet date

No events have occurred after the balance sheet date which would have a material impact on the financial position of the Company.

Financial statements 1 January – 31 December

Income statement

	Note	2017	2016
Gross profit		6,617,482	4,003,484
Staff costs	2	-3,282,912	-2,914,964
Depreciation, amortisation and impairment		-1,247,444	-935,583
Operating profit		2,087,126	152,937
Financial income		9,484	10,882
Financial expenses		-169,305	-92,306
Profit before tax		1,927,305	71,513
Tax on profit/loss for the year	3	-430,231	-17,341
Profit for the year		<u>1,497,074</u>	<u>54,172</u>
Proposed profit appropriation			
Retained earnings		<u>1,497,074</u>	<u>54,172</u>

Financial statements 1 January – 31 December

Balance sheet

	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets			
Goodwill		0	1,240,358
		0	1,240,358
Property, plant and equipment			
Fixtures and fittings, tools and equipment		13,580	20,666
		13,580	20,666
		13,580	1,261,024
Total fixed assets			
Current assets			
Inventories			
Finished goods and goods for resale		1,522,835	1,865,420
		1,522,835	1,865,420
Receivables			
Trade receivables		37,595,172	20,028,395
Receivables from group entities		116,245	208,499
Other receivables		3,866	0
Deferred tax asset		389,392	310,017
Corporation tax		905,394	58,269
Prepayments		11,162	44,468
		39,021,231	20,649,648
		27,561,048	18,312,464
Cash at bank and in hand			
		68,105,114	40,827,532
Total current assets			
		68,118,694	42,088,556
TOTAL ASSETS			

Financial statements 1 January – 31 December

Balance sheet

	Note	2017	2016
EQUITY AND LIABILITIES			
Equity	4		
Contributed capital		500,000	500,000
Retained earnings		<u>2,455,800</u>	<u>958,728</u>
Total equity		<u>2,955,800</u>	<u>1,458,728</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		31,226,822	24,981,435
Payables to group entities		14,700,734	13,177,771
Other payables		<u>19,235,338</u>	<u>2,470,622</u>
		<u>65,162,894</u>	<u>40,629,828</u>
Total liabilities other than provisions		<u>65,162,894</u>	<u>40,629,828</u>
TOTAL EQUITY AND LIABILITIES		<u>68,118,694</u>	<u>42,088,556</u>
Contractual obligations, contingencies, etc.	5		
Related party disclosures	6		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Knauf Insulation A/S for 2017 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

Minor reclassifications have been made to the comparative figures in the income statement.

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

Income statement

Gross Profit

Gross profit comprises revenue, changes in inventories of finished goods, other operating income and external costs.

Revenue is recognised in the income statement provided that delivery and risk of transfer to the buyer have taken place before the end of the year and that the income can be determined reliably and is expected to be received. Revenue is recognised exclusive of VAT and taxes and less any discounts granted in connection with the sale.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors and operating lease costs.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses include interest income and expenses and realised and unrealised capital gains and losses on financial assets and liabilities. Financial income and expenses are recognised in the income statement at the amounts concerning the financial year.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Company is subject to Danish legislation on compulsory joint taxation of the parent company and the Danish subsidiaries.

The current Danish corporation tax is allocated amount the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill

Purchased goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated economic life which is 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is cost less expected residual value after the end of the useful life of the asset.

The cost comprises the acquisition cost and costs directly attributable to the acquisition until the time when the asset is ready for use.

Depreciation is provided on a straight line basis based on an evaluation of the expected useful life:

Fixtures and fittings, tools and equipment	3-5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Minor assets with an expected useful life of less than 1 year are recognised as costs in income statement in the year of acquisition.

Profit or loss from the sale of property, plant and equipment is measured as the difference between selling price less selling costs and the carrying amount at the date of the sale. Profit or losses 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, write down is made to this lower value.

The cost of finished goods and goods for resale comprises the purchase price plus delivery costs.

The net realisable value of inventories is recognised as the market price less completion costs and selling costs, and it is determined taking into account negotiability, obsolescence and the development in expected market price.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. In order to meet expected losses, write-down takes is made to net realisable value.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity. Proposed dividend is recognised as a liability at the date of approval by the general meeting.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year adjusted for tax on previous years' taxable income and prepaid tax. Tax receivable and payable is set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Knauf Insulation A/S has unlimited joint and several liability towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured based on 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.

Liabilities other than provisions

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Financial statements 1 January – 31 December

Notes

	<u>2017</u>	<u>2016</u>
2 Staff costs		
Wages and salaries	2,114,384	1,808,183
Pensions	182,764	154,594
Other social security costs	28,870	26,151
Other staff costs	<u>956,894</u>	<u>926,036</u>
	<u>3,282,912</u>	<u>2,914,964</u>
Average number of full-time employees	<u>4</u>	<u>3</u>
3 Tax on profit/loss for the year		
Current tax for the year	509,606	102,731
Deferred tax for the year	-79,375	-78,390
Adjustment of tax concerning previous years	<u>0</u>	<u>-7,000</u>
	<u>430,231</u>	<u>17,341</u>

4 Equity

The share capital consists of 500,000 shares of a nominal value of DKK 1 each.

All shares rank equally.

5 Contractual obligations, contingencies, etc.

Joint taxation

As the administrative company, the Company is subject to the Danish joint taxation scheme, and as from the financial year 2012/13, it has unlimited joint and several liability with the other jointly taxed companies for the total corporation tax.

From 1 July 2012, the Company has unlimited joint and several liability with the other jointly taxed companies for withholding taxes, on interest, royalties and dividends.

Any subsequent adjustments of corporation taxes or withholding taxes, etc., may entail changes in the Company's liabilities.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date fall due at DKK 1,457,330 within 5 years (2016: DKK 514,677).

Financial statements 1 January – 31 December

Notes

6 Related party disclosures

Control

The Company is included in the consolidated financial statements of:

Knauf Verwaltungsgesellschaft KG, Am Bahnhof 7, 97346 Iphofen, Germany

The consolidated financial statements can be obtained by contacting the Company.