

Knauf Insulation A/S

**c/o Rev og Råd ApS
3500 Værløse**

CVR no. 34 62 26 98

Annual report for the period 1 January to 31 December 2015

The annual report was presented and
adopted at the annual general meeting of
the Company on 27 May 2016



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 2015.

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


It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the result of the Company's operations for the year 1 January - 31 December 2015.

In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters of the results for the year and of the Company's financial position.


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

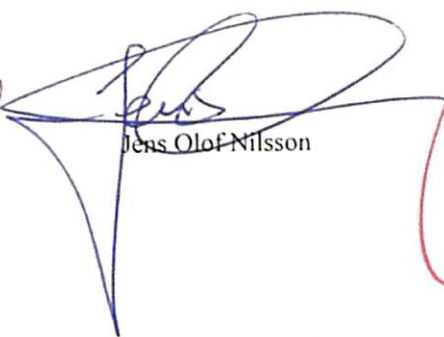
Værlose, 27 May 2016

Executive Board


Erik Peter Lennart Isaksson

Board of Directors


Neil James Hargreaves
Chairman


Jens Olof Nilsson


John Sinfield



KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
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Denmark

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Independent auditor's report

To the Shareholder of Knauf Insulation A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Knauf Insulation A/S for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.



Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 27 May 2016

KPMG
Statsautoriseret Revisionspartnerselskab

Klaus Rytz
State Authorised
Public Accountant

Management's review

Company details

Company

Knauf Insulation A/S
c/o Rev og Råd ApS
Bymidten 80
3500 Værlose
Denmark

CVR no.: 34 62 26 98
Financial year: 1 January - 31 December
Incorporated: 27 July 2012
Registered office: Værlose

Board of Directors

Neil James Hargreaves, Chairman
Jens Olof Nilsson
John Sinfield

Executive Board

Erik Peter Lennart Isaksson

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

General meeting

The annual general meeting is held on 27 May 2016 at the Company's address.

Management's review

Operating review

Principal activities

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

Development in activities and financial position

Gross profit for the year amounts to DKK 3.8 million (2014: DKK 4.7 million). Profit from ordinary activities after tax amounts to DKK 0.1 million (2014: DKK 0.4 million). The balance sheet shows an equity of DKK 1.4 million at 31 December 2015 (31 December 2014: DKK 1.3 million). Management considers the results satisfactory. For 2016, Management expects increased profits.

Events after the balance sheet date

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

Financial statements 1 January - 31 December

Accounting policies

The annual report of Knauf Insulation A/S for 2015 is presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies are unchanged compared to previous years.

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 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.

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 of 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 among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

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.

Financial statements 1 January - 31 December

Accounting policies

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

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 on basis of measured average prices. Where the net realisable value is lower than cost, write-down is made to this lower value.

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value of the inventories is lower than cost, write-down is made to this lower value.

The cost of goods for resale, raw materials and consumables 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.

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 incurred costs concerning the next financial year.

Financial statements 1 January - 31 December

Accounting policies

Equity - dividend

Expected dividend payments are recognised as a separate item under the 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 receivables 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 applicables at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

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

Financial statements 1 January - 31 December

Income statement

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Gross profit		3,848,634	4,701,118
Staff costs	1	-2,364,422	-2,409,846
Depreciation on property, plant and equipment and amortisation of intangible assets		<u>-1,247,444</u>	<u>-1,247,444</u>
Profit before financial income and expenses		236,768	1,043,828
Financial income		5,163	5,893
Financial expenses	2	<u>-56,148</u>	<u>-424,696</u>
Profit before tax		185,783	625,025
Tax on profit for the year	3	<u>-62,288</u>	<u>-180,789</u>
Profit for the year		<u><u>123,495</u></u>	<u><u>444,236</u></u>
Proposed distribution of profit			
Retained earnings		<u>123,495</u>	444,236
		<u><u>123,495</u></u>	<u><u>444,236</u></u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Assets			
Goodwill		<u>2,480,717</u>	<u>3,721,075</u>
Intangible assets	4	<u>2,480,717</u>	<u>3,721,075</u>
Other fixtures and fittings, tools and equipment		<u>27,751</u>	<u>34,836</u>
Property, plant and equipment	5	<u>27,751</u>	<u>34,836</u>
Total non-current assets		<u>2,508,468</u>	<u>3,755,911</u>
Manufactured and commercial goods		<u>1,440,125</u>	<u>780,326</u>
Inventories		<u>1,440,125</u>	<u>780,326</u>
Trade receivables		18,530,079	1,391,132
Receivables from group entities		205,086	143,137
Deferred tax assets		231,627	153,615
Corporation tax receivable		286,703	369,735
Prepayments		<u>55,693</u>	<u>300,000</u>
Receivables		<u>19,309,188</u>	<u>2,357,619</u>
Cash at bank and in hand		<u>17,403,141</u>	<u>12,419,487</u>
Total current assets		<u>38,152,454</u>	<u>15,557,432</u>
Total assets		<u>40,660,922</u>	<u>19,313,343</u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Equity and liabilities			
Share capital		500,000	500,000
Retained earnings		<u>904,556</u>	<u>781,061</u>
Total equity	6	<u>1,404,556</u>	<u>1,281,061</u>
Trade payables		24.721,528	14.851,888
Payables to group entities		12,156,166	0
Other liabilities		<u>2,378,672</u>	<u>3,180,394</u>
Current liabilities		<u>39,256,366</u>	<u>18,032,282</u>
Total liabilities		<u>39,256,366</u>	<u>18,032,282</u>
Total equity and liabilities		<u>40,660,922</u>	<u>19,313,343</u>
Contingent liabilities	7		
Related parties	8		

Financial statements 1 January - 31 December

Notes

	<u>2015</u> DKK	<u>2014</u> DKK
1 Staff costs		
Wages and salaries	2,070,379	2,174,811
Pension costs	172,475	180,986
Other social security costs	108,497	44,960
Other staff costs	<u>13,071</u>	<u>9,089</u>
	<u><u>2,364,422</u></u>	<u><u>2,409,846</u></u>
Average number of employees	<u>4</u>	<u>4</u>
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.		
2 Financial expenses		
Interest, group entities	699	88,420
Foreign exchange loss	<u>55,449</u>	<u>336,276</u>
	<u><u>56,148</u></u>	<u><u>424,696</u></u>
3 Tax on profit for the year		
Tax on profit for the year	136,804	250,038
Deferred tax adjustment for the year	-78,012	-69,249
Adjustment of tax concerning previous years	<u>3,496</u>	<u>0</u>
	<u><u>62,288</u></u>	<u><u>180,789</u></u>

Financial statements 1 January - 31 December

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4 Intangible assets

	<u>Goodwill</u>
	DKK
Cost at 1 January 2015	6,201,792
Additions for the year	<u>0</u>
Cost at 31 December 2015	<u>6,201,792</u>
Amortisation and impairment losses at 1 January 2015	2,480,717
Amortisation for the year	<u>1,240,358</u>
Amortisation and impairment losses at 31 December 2015	<u>3,721,075</u>
Carrying amount at 31 December 2015	<u><u>2,480,717</u></u>

5 Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u>
	DKK
Cost at 1 January 2015	<u>42,512</u>
Cost at 31 December 2015	<u>42,512</u>
Depreciation and impairment losses at 1 January 2015	7,676
Depreciation for the year	<u>7,085</u>
Depreciation and impairment losses at 31 December 2015	<u>14,761</u>
Carrying amount at 31 December 2015	<u><u>27,751</u></u>

6 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January 2015	500,000	781,061	1,281,061
Profit for the year	<u>0</u>	<u>123,495</u>	<u>123,495</u>
Equity at 31 December 2015	<u><u>500,000</u></u>	<u><u>904,556</u></u>	<u><u>1,404,556</u></u>

Financial statements 1 January - 31 December

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6 Egenkapitalopgørelse (Continued)

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

There have been no changes in the share capital since establishment.

7 Contingent liabilities

Operating leases

The Company has entered into operating leases with an total outstanding lease payment of DKK 557,387 (31 December 2014: DKK 531,170).

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.

As 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.

8 Related parties

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.