ANNUAL REPORT 2016

Consolidated accounts

1 January - 31 December 2016

The Annual General Meeting was held 17/5 -2017

Chairman of the Annual General Meeting

Rikke Alsted Houlberg

General Counsel

Cembrit Group A/S • Sohngaardsholmsvej 2 • DK-9000 Aalborg

Central Business Reg. No. 36477199

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Entity details

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Website:	www.cembrit.com
E-mail:	info@cembrit.com

Central Business Reg. No.:	36477199
Established:	30 December 2014
Registered office:	Aalborg, Denmark
Financial year:	1 January – 31 December

Board of Directors
Kent Arentoft, Chairman
Denis Viet-Jacobsen
Jan Warrer
Johan Olof Cervin
Sigge Lennart Haraldsson

Executive Directors
Martin Jermiin
Kaspar R. Kristiansen

Company auditors
PRICEWATERHOUSECOOPERS
Statsautoriseret Revisionspartnerselskab

Statement by Management on the annual report

Statement by Management on the annual report 1 January 2016 - 31 December 2016

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Cembrit Group A/S for the financial year 1 January 2016 – 31 December 2016.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements are prepared in accordance with the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with additional disclosure requirements of the Danish Financial Statements Act. Management's Review is also prepared in accordance with disclosures requirements of the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January 2016 - 31 December 2016.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Copenhagen, 27 April 2017

Executive Board

Martin Jermiin
CEO

Kaspar R. Kristiansen
CFO

Board of Directors

Kent Arentoft
Chairman

Denis Viet-Jacobsen
Vice Chairman

Jan Warrer

Johan Olof Cervin

Sigge Lennart Haraldsson

Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Cembrit Group A/S

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2016 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2016 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Cembrit Group A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent 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 Group or the Parent 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 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 judgment and maintain professional scepticism throughout the 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 27 April 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CBR No. 33 77 12 31

Mikkel Sthyr
State Authorised Public Accountant

Søren Korgaard-Mollerup
State Authorised Public Accountant

Management Commentary

Fibre-cement is at the heart of Cembrit. As one of the leading distributors and manufacturers of fibre-cement products in Europe, Cembrit offers a wide range of durable products and solutions for:

- Roofing
- Interior cladding
- Exterior cladding
- Accessories

Fibre-cement is characterized by several attractive product features, including low maintenance, high durability and a competitive price level. Besides delivering building materials, Cembrit provides complete installation systems as well as technical solutions for residential houses, holiday cottages, trade, industry and agricultural buildings, shops and offices as well as public buildings – in both new build and renovation projects.

Cembrit is in a strong position to profit from the growth in light construction and the growth should be accelerated through introduction of new products and services, cross selling initiatives and further investment in production and research and development.

The target should be met by:

- Selling own produced fibre-cement products in all core markets
- Develop and produce own products at high quality
- Delivering on time through planning and collaboration
- Reducing complexity and costs by improving systems and processes

Financial result for 2016
2016 has been a year with a large number of activities and changes. A new plant was opened in Hungary, a new ERP system was implemented in the majority of Cembrit and safety and quality results have been improved significantly just to mention a few.

During 2016 the agricultural crisis continued to be a challenge and the currency movements including the Brexit-effect had significant negative impact on the financial result.

A cost restructuring process was carried out and the Group had a continuous focus on costs. Special items derived from the cost restructuring process is reported as a separate line item in the P&L and specified in note 4.

Net sales for 2016 amounted to DKK 1,482m. This is an increase of 8 % compared to 2015 (DKK 1,372m), however 2015 did only include 11 months of activity.

The sales were negatively influenced by the difficult market conditions especially in Russia, Poland and Denmark among others as a consequence of the agricultural crisis. Furthermore, Brexit and the following decrease in GBP had a negative effect on the topline. Compared to the average GBP rate from 2015, the rate in 2016 has been approx. 12 % lower.

Operating profit before depreciation (EBITDA) amounted to DKK 102m (2015 DKK 124m), which is a satisfactory level when looking at the market conditions and the current operational setup.

Earnings before amortization and impairment of intangible assets (EBITA) amounted to DKK 7m (2015 DKK 18m) and earnings before interest and tax (EBIT) amounted to DKK -9m (2015 DKK 10m) and net profit for the year ended at DKK -56m (2015 DKK -25m).

Investments
During 2016 the new plant in Hungary was opened. This is the largest investment in the company's history. The plant will increase the production capacity and will ensure high quality products. Investments in existing production line capacity have also been completed during the year.

A Research & Development innovation centre was opened in The Czech Republic in January 2016. The centre supports ongoing product improvements and new development.

Furthermore a new ERP system has been successfully implemented in the majority of Cembrit during 2016. The roll-out of new ERP to the remaining companies in the Group will be completed in 2017.

Cash flows
The Group focuses on optimizing operating cash flows. Cash flow from operating activities (CFFO) was DKK 233m (2015 DKK 73m).

The Group's cash flow from investment activities (CFFI) amounted to DKK 161m (2015 DKK 758m – materially affected by the acquisition of Cembrit). The biggest investments during 2016 were the plant in Hungary and implementation of the new ERP system.

Debt and financial resources
The solvency ratio end of December 2016 was 29 % (2015 37 %) equaling an equity of DKK 609m (2015 DKK 689m).

Net interest-bearing debt (NIBD) amounted to DKK 575m (2015 DKK 551m). The financial latitude amounted to DKK 106m (2015 DKK 113m) consisting of unutilized credit facilities and available cash.

Own shares
Cembrit Group A/S has in 2016 acquired own shares for an amount of DKK 0.5m (nom. value of own shares is DKK 24,670). Own shares are less than 1 % of total share capital. The shares are used as part of Management Incentive Programme for the Board of Directors and key employees.

Expectations to 2017
Despite the challenging market conditions, which are expected to continue in 2017, the Group expects a growth in both topline and operating profit – driven by both existing and new markets, introduction of products from the Hungarian plant as well as optimization of the operation setup.

Research and development activities
Cembrit conducts ongoing research into new raw materials, production techniques and product development. Cembrit wishes to continue and strengthen these activities.

A new R&D Support Centre has been established in Czech Republic in January 2016 and both R&D function and Group Product Innovation function has been enlarged by employing a number of new resources during 2016 in order to increase product management activities including development of new products, production techniques, etc.

Special risks

General risks

The Group's operational risk is linked to the ability of producing and selling products without substantial quality issues. Furthermore, it is important for the Group to have a strong position on the main markets in Europe and to secure consistency of supply to customers.

Financial risks

As a result of its international operations, investments and financing, the Group is exposed to a number of financial risks, including markets risks, liquidity and credit risk. Please see note 24 for further description of these risks.

Knowledge resources

It is important for Cembrit's continuing growth strategy to attract and retain a well-educated labor force. Significant resources are spent on training employees to keep enhancing the knowledge level. Strong leadership, knowledge sharing and well-performed communication are essential keywords and require focused and dedicated employees with great insight in the markets, products and the Group.

The engagement and motivation of employees and managers has a significant impact on the ability and the prospects of Cembrit to achieve its business goals. Therefore, an employee engagement survey was conducted in 2016. The purpose of the employee survey was to obtain a tool that will support the dialogue between managers and employees, thereby ensuring an overall high level of engagement, and to focus on the scope for continued improvement of employee engagement.

Considering the amount and pace of changes in the organization, the result was very satisfactory. Key results from the survey:

- Overall engagement is strong with above benchmark results
- Cembrit have strong local managers, who demonstrate good leadership and feel empowered to lead
- Cembrit have dedicated employees, who go the extra mile for its colleagues and customers
- The employees cooperate well in Cembrit – especially when they face tough situations together

On the improvement side, the employees asked for better processes and tools to support changes in the organization. This will continue to be a focus in the future and will be significant improved when the ERP system is fully rolled out.

Statutory statement on Social responsibility in accordance with section 99a of the Danish Financial Statements Act

Environment

The objective of Cembrit is to manufacture fibre-cement products on a commercial basis as efficiently as possible with the least impact on the environment and resources. Cembrit focus on sustainability in the consumption of resources, waste reduction, recycling of e.g. water and some waste products and by optimising transport.

Cembrit strive to cooperate actively with the authorities and stakeholders, in order to avoid possible risks to the environment.

Cembrit adhere to environmental regulatory requirements and keep the related activities of the company in compliance with valid permits. Cembrit encourage staff to environmentally-friendly mode of operation and high focus is paid on using environmentally friendly materials.

Several initiatives are implemented to reduce the environmental impact. Water from production sites is cleansed and waste products are recycled as much as possible.

The environmental-friendly focus is not only an important factor linked to existing production activities but is also affecting decision making when it comes to development of new products.

Production units within the Group always strive to have the relevant certifications in place, among others various ISO certifications are in place.

In terms of environment, Cembrit has been following some environmental indicators for consumption of energy (split by different fuel types), raw materials (split by types of raw materials), different recycling materials and water compared to how many tons of building materials that have been produced. For all these indicators, the consumption per ton building material has increased.

In terms of output from the production, Cembrit has followed some indicators for emission to air (CO_2), wastewater, waste (split by recycling, landfill and oil/chemical waste) and packaging types. The waste percentage has fallen in 2016. Other indicators have developed negatively in 2016.

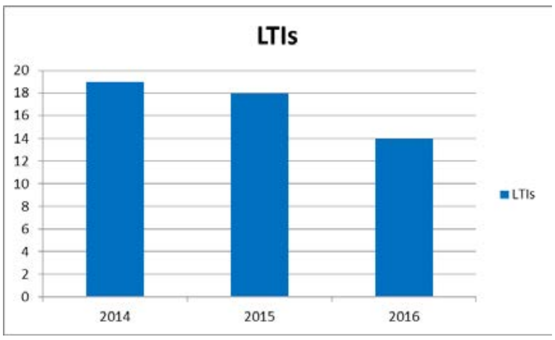
The indicators are set in order to follow the development in consumption of materials and energy from an environmental point of view and to follow the impact on the environment when looking at emission and waste. The target for 2017 is an improvement in above mentioned indicators. With the Hungarian plant fully ramped-up, it will be possible to obtain improvements.

Health and Safety
Production units in the Czech Republic, Poland and Finland maintain their safety systems in accordance with OHSAS 18001. The Hungarian production unit is expected to obtain the certification during 2017.

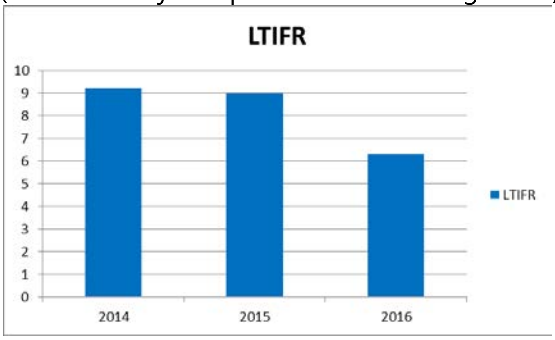
Local working environment policies exist. These policies ensure compliance with local legislation and deals with dust level, temperature level, maximum muscle load, noise level etc.

In terms of safety, Cembrit has been following the below safety indicators:

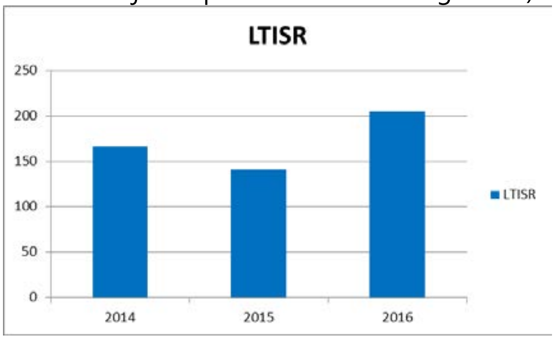
Lost time injuries (injuries when the injured employee was absent for more than 1 day after the injury happened):



Lost time injury frequency rate (number of injuries per 1 million working hours):



Lost time injury severity rate (number of injuries per 1 million working hours):



Cembrit witnessed a positive development in declining numbers of injuries in 2016 despite the start-up of a new factory in Hungary. Severity rate increased due to 1 longer-term injury originating in 2015.

Cembrit expect the positive development in LTIs and LTIFR to continue in 2017. Furthermore, an improvement in LTISR is expected due to the high focus on safety in the Group.

Code of Conduct

The Cembrit Code of Conduct is a set of principles outlining the expected ethical behavior of employees and stakeholders doing business with or on behalf of Cembrit.

The Code of Conduct sets the standards in various areas in order to uphold Cembrit's reputation as a company with a high level of integrity and trustworthiness.

In relation to employees, Cembrit strives to create a work environment characterized by mutual trust, teamwork and respect for the individual.

Cembrit considers its employees to be important resources in achieving its goals and gives safety the highest priority; all employees are entitled to a safe and secure workplace where no one is exposed to unnecessary risk. As such Cembrit is committed to giving employees the training and information they need to manage risks in their own work areas.

Furthermore, Cembrit gives the highest priorities to ensure the following for all Cembrit employees:

- Respect and Fairness
- Basic employee rights
- Equality and non-discrimination
- Harassment-free working environment
- Respect for data privacy

Human rights and labour

At Cembrit we are strong advocates of the rights of our employees both under the International Bill of Human Rights and the International Labour Organization & fundamental conventions. The following highlights specific areas, where Cembrit's Code of Conduct highlight expectations of business partner performance:

- Respect and Fairness
- Illegal labour
- Basic employee rights
- Equality and non-discrimination
- Harassment-free working environment
- Respect for privacy
- Information security

Social responsibility

Acting with uncompromising integrity is an important enabler of being successful in today's business environment. Cembrit focus on CSR (Corporate Social Responsibility).

To underline Cembrit's strong focus on corporate behavior and how we strive to work with customers, suppliers, competitors and other stakeholders a number of new policies have been implemented in 2016 as a part of our Group Code of Conduct setting the standards in various areas to uphold Cembrit's reputation as a company with a high level of integrity and trustworthiness. Together with the internal policies specified below the Group Code of Conduct implemented in May 2016 outlines the principles and minimum standards regarding the expected ethical behaviour of employees and stakeholders doing business with or on behalf of Cembrit thereby focusing on Human Rights and Labour, Internal Issues, External Partners and the Environment & External Community.

Anti-bribery Policy

Bribery is a criminal offence. Not only can bribery expose you to personal criminal prosecution, but can also result in legal and reputational issues for Cembrit. Cembrit employees must not engage in any form of bribery, such practices are illegal and unacceptable.

Not only do we explicitly not tolerate bribery within our own organization, but also through business partners undertaking business on our behalf (e.g. distributors, agents, consultants, lobbyists etc.).

Anti-Competition Policy

Competition is an essential element of an effective industry. Any arrangement that restricts competition jeopardises business, and will ultimately harm not only the companies concerned, but also society in general. Anti-competition laws apply in every country where Cembrit conducts business.

Cembrit's recognises that not only can business and reputation be damaged by illegal and anti-competitive behaviour, but there would be potential legal actions for the company and individuals.

Cembrit commits to not engaging in any anti-competitive practices. Cembrit does not tolerate any such actions that would breach these practices.

The practical guidance for anti-competition within Cembrit is never to discuss any potentially sensitive commercial matters under any circumstances. Furthermore, authorisations within Cembrit are in place to avoid unfortunate situations.

Conflict of interest Policy
A conflict of interest occurs when an individual's obligations and interests as a trusted employee conflicts with their private interests. Even the mere appearance of a conflict of interest can seriously damage a company's reputation.

It is important that Cembrit conducts business activities in the best interests of the company and that employees do not place their own personal interests ahead of those of Cembrit's business.

Cembrit recognises that employees are entitled to take part in legitimate financial, business and other activities outside of work. To the extent that these other activities might affect (or potentially be perceived by others to affect) their ability to carry out their role effectively at Cembrit, or affect their judgement, objectivity or loyalty to the Group, they must be disclosed, authorised and potentially terminated.

A practical guidance has been made related to investments, relatives and close friends, outside employment and directorships and exchange of non-monetary items. Furthermore, internal approvals in the organisation are accomplished.

These new policies implemented in 2016 have created a focus and awareness in the Group of acting in a social responsible way. The contribution from doing business in a social responsible way – both to employees, business partners, customers and other stake holders - are of great importance to Cembrit.

In 2017 the following policies will be completed:

- Cembrit Business Partner Policy
- Cembrit Gifts & Entertainment Policy
- Cembrit Supplier Code of Conduct

Statutory statement on the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act
Cembrit´s target is to have balanced gender diversity on all Board of Directors. It is Cembrit's objective that the underrepresented gender must be aligned with the recommendations from the Danish Business Authorities for board members elected at the annual general meeting.

To ensure the diversity in Cembrit in the future, Cembrit focus on the following initiatives:

- Cembrit is a company that always strives to hire or appoint the best qualified people at all levels including executive and board positions. If two or more candidates for a board position are evenly qualified, the person that represents the underrepresented gender will be preferred
- When recruiting candidates for board positions, Cembrit requires that at least one of the candidates represents the underrepresented gender

The current gender ratio in top management, the Board of Directors, is five male and zero female.

The current gender ratio in the executive board is two male and zero female.

It is always Cembrit's overall goal to comply with applicable law, which means to reach the targets in the recommendations from the Danish Business Authorities. It is Cembrit's target, to have at least one woman on the Board of Directors in Cembrit Group A/S and Cembrit Holding A/S before 2021. The target has not yet been reached, as Cembrit prioritize to engage on a strong long-term composition of the Board of Directors.

The target has not been achieved during 2016, as there was no need for changes to the Board of Directors and executive board.

Events occurring after the balance sheet date
Cembrit has refinanced the Groups external debt package to secure the needed funding – both short and long term – to realize the strategy plan approved by the Board of directors. The refinancing has been done through a bond issue. The senior and junior debt has been repaid – only the Groups revolvers are still in place.

No other events have occurred after the balance sheet date.

Consolidated Financial Statements

Group financial highlights

DKK ('000)	2015 DKK ('000)	2016 DKK ('000)	2016 [1] EUR ('000)
INCOME STATEMENT			
Revenue	1.371.773	1.481.777	199.003
Gross profit	385.317	426.372	57.262
Earnings before depreciation, amortisation and impairment (EBITDA)	124.191	102.242	13.731
Earnings before amortisation and impairment of intangible assets (EBITA)	17.552	6.705	900
Earnings before interest and tax (EBIT)	9.535	(9.494)	(1.275)
Earnings from financial items, net	(38.362)	(53.331)	(7.162)
Earnings before tax (EBT)	(28.827)	(62.825)	(8.437)
Profit/loss for the year	**(24.756)**	**(56.385)**	**(7.573)**
CASH FLOW			
Cash flow from operating activities	73.209	232.695	31.251
Cash flow from investing activities	(758.087)	(161.287)	(21.661)
Hereof investments in property, plant and equipment	(153.338)	(123.102)	(16.533)
WORKING CAPITAL	**249.055**	**92.550**	**12.449**
NET INTEREST-BEARING RECEIVABLES/(DEBT)	**(551.077)**	**(575.414)**	**(77.399)**
BALANCE SHEET			
Intangible assets	133.663	155.771	20.953
Tangible assets	957.026	990.612	133.247
Financial assets	83.188	98.867	13.299
Non-current assets	**1.173.877**	**1.245.250**	**167.498**
Current assets	708.726	858.149	115.429
Total assets	**1.882.603**	**2.103.399**	**282.928**
Equity	688.752	609.119	81.933
Long-term liabilities	597.714	635.218	85.443
Short-term liabilities	596.137	859.062	115.552
Total equity and liabilities	**1.882.603**	**2.103.399**	**282.928**
PROPOSED DIVIDEND TO SHAREHOLDERS	**0**	**0**	0
DIVIDEND PAID OUT DURING THE YEAR	**0**	**0**	0
FINANCIAL RATIOS			
Gross margin	28,1%	28,8%	28,8%
EBITDA margin	9,1%	6,9%	6,9%
EBITA margin	1,3%	0,5%	0,5%
EBIT margin	0,7%	(0,6%)	(0,6%)
EBT margin	(2,1%)	(4,2%)	(4,2%)
Return on equity	(4%)	(9%)	(9%)
Equity ratio	37%	29%	29%
ROCE (Return on Capital Employeed)	3,9%	0,4%	0,4%
Net working capital ratio	18,2%	6,2%	6,2%
NOPAT	42.730	3.763	506
Invested capital	1.105.316	996.601	134.053
Number of employees at 31 December, Group	**1.041**	**1.154**	**1.154**
Number of employees in Denmark	93	99	99

The financial ratios have been computed in accordance with the guidelines of the Danish Society of Financial Analysts from 2015. Please see note 40 for definitions.

1) Income statement and cash flow items are translated at the average EUR exchange rate of 7.4460 and the balance sheet items are translated at the year end EUR exchange rate of 7.4344

Consolidated income statement

Notes		2016 DKK (000)	2015* DKK (000)
	Revenue	1.481.777	1.371.773
3	Production costs	(1.055.405)	(986.456)
	Gross profit	**426.372**	**385.317**
3	Sales and distribution costs	(245.315)	(175.027)
3	Administrative costs	(81.813)	(89.198)
2	Other operating income	5.748	3.759
2	Other operating costs	(2.750)	(660)
	Earnings before depreciation, amortisation and impairment (EBITDA)	**102.242**	**124.191**
4	Special non-recurring items	(13.687)	(40.223)
13	Depreciation and impairment of tangible assets	(81.850)	(66.416)
	Earnings before amortisation and impairment of intangible assets (EBITA)	**6.705**	**17.552**
12	Amortisation and impairment of intangible assets	(16.199)	(8.017)
5	**Earnings before interest and tax (EBIT)**	**(9.494)**	**9.535**
21	Financial income	28.153	13.021
21	Financial costs	(81.484)	(51.383)
	Earnings before tax (EBT)	**(62.825)**	**(28.827)**
19	Tax for the year	6.440	4.071
	Profit/loss for the year	**(56.385)**	**(24.756)**
	Profit/loss for the year attributable to:		
	Cembrit Group A/S shareholders' share of profit/loss for the year	(56.385)	(24.756)
		(56.385)	**(24.756)**

* 2015 means the financial year 30 December 2014 - 31 December 2015

Consolidated statement of comprehensive income

Notes		2016 DKK (000)	2015 DKK (000)
	Profit/loss for the year	**(56.385)**	**(24.756)**
	Other comprehensive income for the year		
	Items that can be reclassified to the income statement:		
	Foreign exchange adjustment regarding enterprises abroad	(18.445)	10.247
	Value adjustments of hedging instruments:		
	Value adjustment for the year	396	(4.863)
	Value adjustments transferred to revenue	(2.848)	1.719
	Value adjustments transferred to production costs	(3.414)	899
	Value adjustments transferred to balance sheet items	(704)	0
19	Tax on other comprehensive income	717	451
	Other comprehensive income for the year after tax	**(24.298)**	**8.453**
	Comprehensive income for the year	**(80.683)**	**(16.303)**
	Comprehensive income for the year attributable to:		
	Cembrit Group A/S shareholders' share of comprehensive income for the year	(80.683)	(16.303)
		(80.683)	**(16.303)**

Consolidated cash flow statement

Notes		2016 DKK (000)	2015 DKK (000)
	Earnings before depreciation, amortisation and impairment (EBITDA)	**102.242**	**124.191**
4	Adjustment special non-recurring items	(13.687)	(40.223)
	Adjustment for profits/(losses) on sale of tangible and intangible assets etc.	(1.597)	(1.258)
	Adjusted earning before depreciation, amortisation and impairment (EBITDA)	**86.958**	**82.710**
6	Change in provisions	(22.051)	(56.825)
7	Change in working capital	142.121	85.294
	Cash flow from operating activities before financial items and tax	**207.028**	**111.179**
8	Financial payments received and made	(15.426)	(20.879)
19	Taxes paid	41.093	(17.091)
	Cash flow from operating activities	**232.695**	**73.209**
12	Acquisition of intangible assets	(38.081)	(24.310)
13	Acquisition of tangible assets	(123.102)	(153.338)
10	Business acquisitions and acquisition of financial assets	0	(582.596)
	Disposal of intangible assets	(5)	0
	Disposal of tangible assets	236	874
	Disposal of financial assets	(335)	1.283
	Cash flow from investing activities	**(161.287)**	**(758.087)**
	Capital increase	664	0
	Acquisition of treasury shares	(415)	0
	Share-based payment	51	0
9	Change in other interest-bearing debt	(77.421)	622.875
	Cash flow from financing activities	**(77.121)**	**622.875**
	Change in cash and cash equivalents	(5.713)	(62.003)
23	Cash, cash equivalents and cash pool balance at 1 January 2016	23.168	0
	Foreign exchange adjustments	(480)	0
	Cash from acquisition of activities	0	85.171
23	Cash, cash equivalents and cash pool balance at 31 December 2016	16.975	23.168

Consolidated balance sheet

ASSETS		2016	2015
		DKK(000)	DKK (000)
Notes			
	Goodwill	12.705	12.705
	Development projects	954	0
	Consessions, patents, licenses etc.	2.587	2.777
	Customer relations	78.155	87.688
	Other intangible assets	57.846	29.928
	Advanced payments for intangible assets	3.524	565
12	**Intangible assets**	**155.771**	**133.663**
	Land and buildings	408.037	369.920
	Plant and machinery	484.054	439.524
	Operating equipment, fixtures and fittings	22.715	17.745
	Tangible assets in course of construction	75.806	129.837
13	**Tangible assets**	**990.612**	**957.026**
14	Other securities and investments	342	7
20	Deferred tax assets	98.525	83.181
	Financial assets	**98.867**	**83.188**
	Total non-current assets	**1.245.250**	**1.173.877**
17	**Inventories**	**271.730**	**285.328**
18	Trade receivables	210.625	208.975
26	Financial instruments	3.645	432
	Other receivables	25.449	36.924
	Prepaid expenses	7.378	9.062
	Receivables	**247.097**	**255.393**
	Cash and cash equivalents	**339.322**	**168.005**
	Total current assets	**858.149**	**708.726**
	TOTAL ASSETS	**2.103.399**	**1.882.603**

Consolidated balance sheet

EQUITY AND LIABILITIES

Notes		2016 DKK(000)	2015 DKK (000)
	Share capital	41.761	41.722
	Foreign exchange adjustments	(8.198)	10.247
	Value adjustments of hedging transactions	(7.647)	(1.794)
	Non distributable reserves	3.543	2.742
	Retained earnings	579.660	635.835
	Total equity	**609.119**	**688.752**
20	Deferred tax liabilities	69.476	69.668
29	Pension liabilities	295	1.824
28/29	Other provisions	55.126	81.466
22/23/29	Bank loans	507.512	440.386
25/26/29	Financial instruments	0	2.429
22/23/29	Finance lease	989	1.545
29	Other liabilities	1.820	396
	Long-term liabilities	**635.218**	**597.714**
	Pension liabilities	220	2
28	Other provisions	27.505	24.570
22/23	Bank loans and credit facilities	393.204	274.321
22/23	Finance lease	648	590
	Prepayments from customers	555	1.927
	Trade payables	234.414	133.037
25/26	Financial instruments	12.384	248
	Current tax liabilities	5.303	9.429
	Other liabilities	184.607	149.632
	Deferred revenue	222	2.381
	Short-term liabilities	**859.062**	**596.137**
	Total liabilities	**1.494.280**	**1.193.851**
	TOTAL EQUITY AND LIABILITIES	**2.103.399**	**1.882.603**

Statement of changes in equity

	Share capital	Foreign exchange adjustments	Value adjustments of hedging transactions	Non distributable reserves	Retained earnings	Proposed dividend	Total
Equity at 1 January 2016	**41.722**	**10.247**	**(1.794)**	**2.742**	**635.835**	**0**	**688.752**
Comprehensive income for the year							
Profit/loss for the year					(56.385)		**(56.385)**
Other comprehensive income							
Foreign exchange adjustments regarding enterprises abroad		(18.445)					**(18.445)**
Value adjustments of hedging instruments:							
Value adjustments for the year			396				**396**
Value adjustments transferred to revenue			(2.848)				**(2.848)**
Value adjustments transferred to production costs			(3.414)				**(3.414)**
Value adjustments transferred to balance sheet items			(704)				**(704)**
Tax on other comprehensive income*			717				**717**
Other comprehensive income total	**0**	**(18.445)**	**(5.853)**	**0**	**0**	**0**	**(24.298)**
Comprehensive income for the year	**0**	**(18.445)**	**(5.853)**	**0**	**(56.385)**	**0**	**(80.683)**
Capital increase	39				625		**664**
Acquisition of treasury shares					(415)		**(415)**
Share-based payment, share options				801			**801**
Equity at 31 December 2016	**41.761**	**(8.198)**	**(7.647)**	**3.543**	**579.660**	**0**	**609.119**

	Share capital	Foreign exchange adjustments	Value adjustments of hedging transactions	Non distributable reserves	Retained earnings	Proposed dividend	Total
Equity at 1 January 2015	**50**						**50**
Comprehensive income for the year							
Profit/loss for the year					(24.756)		**(24.756)**
Other comprehensive income							
Foreign exchange adjustments regarding enterprises abroad		10.247					**10.247**
Value adjustments of hedging instruments:							**0**
Value adjustments for the year			(4.863)				**(4.863)**
Value adjustments transferred to revenue			1.719				**1.719**
Value adjustments transferred to production costs			899				**899**
Tax on other comprehensive income*			451				**451**
Other comprehensive income total	**0**	**10.247**	**(1.794)**	**0**	**0**	**0**	**8.453**
Comprehensive income for the year	**0**	**10.247**	**(1.794)**	**0**	**(24.756)**	**0**	**(16.303)**
Capital increase	41.672				660.591		**702.263**
Share-based payment, share options				2.742			**2.742**
Equity at 31 December 2015	**41.722**	**10.247**	**(1.794)**	**2.742**	**635.835**	**0**	**688.752**

Dividends distributed to shareholders in 2016 were DKK 0 (2015: DKK 0)
Proposed dividend for 2016 amounts to DKK 0 per share (2015: DKK 0 per share).

* For the specification of tax on other comprehensive income, see note 19.

Estimates by management

1. Estimates by management

Significant estimates and assessments by Management
The preparation of the Annual Report requires that the Management makes estimates and assumptions that affect the recognized assets and liabilities, including the disclosures made regarding contingent assets and liabilities, when applying the Groups accounting policies.

Management bases its estimates on historical experience and other assumptions considered relevant at the time. These estimates and assumptions form the basis for the recognized carrying amounts of assets and liabilities and the derived effects on the income statement and other comprehensive income. The actual result may deviate over time.

The estimates made and the underlying assumptions are reconsidered on an ongoing basis.

Management considers the following estimates and assessments and the relevant accounting policies essential for preparing the consolidated financial statement. In the opinion of Management, the result of these estimates and uncertainties are reflected in the Annual Report based on the information available and assumptions made.

Intangible assets/impairment test
Goodwill and other intangible assets of indefinite useful life are tested for impairment at least once a year and when there is an indication of impairment, the first time being before the end of the year of acquisition. The carrying amount of non-current assets are reviewed each year to determine whether there is an indication of impairment. If any such indication exists, the recoverable value of the asset is calculated. Development projects are also tested for impairment at least once a year.

Factors considered material that could trigger an impairment test include the following:
- Changes of R&D project expectations
- Lower-than-predicted sales related to particular technologies in Development projects
- Changes in the economic lives of assets
- Relationship with other intangible assets or property, plant and equipment

In performing the annual impairment test of assets, an assessment is made as to whether the individual units of the Group (cash generating units) to which assets are allocated will be able to generate sufficient positive cash-flow in the future to support the value of the unit concerned.

Management defines the cash-generating units based on the smallest group of identifiable assets which together generate incoming cash flow from continued use of assets and which independent of cash flow from other assets or groups of assets. The definition of the cash generating units is reconsidered once a year.

An estimate is made of the future free net cash flow based on budgets and the strategy from the coming five years and projections for the subsequent years (the terminal value). Significant parameters in this estimate are discount rate, revenue development, EBITA margin, expected investments and growth expectations for the period after the five years.

The recoverable amount is calculated by discounting expected future cash flow. The impairment test is disclosed in note 15.

Deferred tax liabilities and assets
Deferred tax assets are recognized if it is likely that there will be taxable income in the future against which timing differences or tax loss carry forwards may be used. For this purpose, Management estimates the coming years earnings based on budgets. Deferred tax is disclosed in note 20.

Warranties, restructuring and other provisions
Provisions are recognized in cases where, due to an event occurring before the balance sheet date, the Group has a legal or constructive obligation which is probable and can be measured reliably.

Management assesses provisions and the likely outcome of pending and probable lawsuits etc. on an ongoing basis. The outcome depends on future events, which are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes Management bases its assessments on external legal assistance and established precedents. Tax provisions are made to cover expected additional future liabilities related to financial year or previous years. Provisions are disclosed in note 28.

Warranties and other provisions are measured on the basis of empirical information covering several years as well as legal opinion which together with estimates by Management of future trends form the basis for warranty provisions and other provisions. In the case of long-term warranties and other provisions, discounting to net present value takes place based on the future cash flow and discount rate expected by Management.

In connection with restructuring, Management reassesses useful life and residual values for non-current assets used in the business undergoing restructuring. The extent and amount of onerous contracts as well as employee and other obligations arising in connection with the restructuring are also estimated.

Commissioning of fixed asset investments
Related to commissioning of fixed asset investments, management assesses the proportion of expenditures that can be attributed to the commissioning phase. This amount is recognised in the carrying amount of the fixed asset. Management bases its assessments on experience, commissioning plans for test runs etc.

Acquisition of enterprises and activities including statement of fair values
In connection with acquisition of enterprises and activities the fair value of identifiable assets, liabilities and contingent liabilities is measured. Statement of fair value mainly applies to intangible and tangible assets, inventories and deferred tax hereof. The statement of fair value is related to Management estimates which are based on the expected future earnings of the assets. For a significant portion of the assets and liabilities there is no active market that can be used for determining the fair value. This applies particularly to intangible assets acquired such as customer relations. The statement of fair value is based on an estimate and may therefore be subject to uncertainty and may subsequently be adjusted up to one year after the end of the year of the acquisition.

Management also makes an estimate of the useful life, and the asset is then depreciated and amortised systematically over the expected future useful life.

Income statement

Accounting policy
Revenue is recognized in the income statement on delivery and passing of the risk to the buyer and when the income can be measured reliably.

Production costs include raw materials, consumables, direct labour costs and production overheads such as maintenance and operation of production plant as well as administration and factory management.

Research and development costs are charged to Production costs in the income statement for the financial year in which they are incurred. Development costs related to certain products or processes are recognized as assets to the extent that such costs are likely to generate future earnings.

Sales and distribution costs comprise direct distribution and marketing costs, salaries for the sales and marketing functions as well as other indirect costs.

Administrative costs comprise the costs of administrative staff and management as well as other indirect administrative costs.

2. Other operating income and costs

Accounting policy
Other operating income and costs consist of income and costs of secondary importance to the Groups' activities, including rent income, fees, etc. plus profit and loss on disposal of individual assets, which is not considered part of the disposal of a complete operation.

	2016 DKK (000)	2015 DKK (000)
Other operating income		
Rent income	1.097	630
Reversal provision	0	678
Profit on disposal of tangible assets	87	405
Other income	4.564	2.046
	5.748	**3.759**
Other operating costs		
Loss on disposal of tangible assets	(26)	(111)
Other costs	(2.724)	(549)
	(2.750)	(660)
Total other operating income and costs	**2.998**	**3.099**

3. Staff costs

Accounting policy
Staff costs consist of direct wages and salaries, remuneration pension, training, etc. related to the continuing activities that contribute to the Group's production, sales and administration.

The Group has established share based incentive programs comprising equity settled programs.

The fair value of the employee service received in exchange for the warrants is calculated using the value of the warrants program.

The fair value of the warrant program on the grant date is recognized as an employee cost over the period in which the warrants are vested. In measuring the fair value, accounts is taken of the number of employees expected to gain entitlement to the warrants as well as the number of warrants the employees are expected to gain. This estimate is adjusted at the end of each period such that only the number of warrants to which employees are entitled or expected to be entitled, is recognized.

The value of the equity settled programs is recognized in Shareholders' equity.

	2016 DKK (000)	2015 DKK (000)
Wages, salaries and fees	173.033	186.882
Contribution plans and other social costs, etc.	40.283	44.077
Defined benefit plans	0	166
Other staff costs	17.316	13.653
	230.632	**244.778**
The amounts are included in the items:		
Production costs	64.263	114.247
Sales and distribution costs	121.767	86.023
Administrative costs	44.602	44.508
	230.632	**244.778**
Number of employees at 31 December	**1.154**	**1.041**

Remuneration of the Board of Directors and the Key Management

	2016 DKK (000)	2015 DKK (000)
Wages, salaries and fees	14.474	6.635
Contribution plans and other social costs, etc.	0	2
	14.474	**6.637**
Hereof Management	13.554	5.794
Hereof Board of Directors	920	843

In 2015 Cembrit Group established a Management Incentive Programme for key employees. Each employee has purchased a number of shares and related warrants at fair market value. The price for one share was DKK 1,6833 and the warrants were priced by using Monte Carlo Valuation methodology. Each warrant gives the right to purchase one share and the exercise price for the warrants will increase year in year with a hurdle rate. The warrants can be exercised when Cembrit Group divests Cembrit Holding if certain IRR threshold are achieved, if not the warrants are worthless and the employees investment in warrants is lost. If Cembrit Group does not divest Cembrit Holding the warrants can be exercised in June 2022. The warrant programme contains 72.8 million warrants. The fair value of the warrant programme is DKK 7.6m. The cost related hereto in 2016 is DKK 0,8m.

Termination benefit for executive vice president, who leaves the Group during first half year in 2017, has been included in remuneration for management for 2016.

4. Special non-recurring items

Accounting Policy

Special non-recurring items consist of costs and income of a special nature in relation to the activities of the Group. The cost consists of costs related to M&A activities, restructuring costs and run-off on purchase price allocations to inventories in connection with acquisitions. The cost is classified as special non-recurring items in order to give a more true and fair view of the Group’s other operational activities.

Special non-recurring items consist of costs and income of a one-off nature in relation to the Group's primary activities.

	2016 DKK(000)	2015 DKK (000)
M&A activities	(2.577)	0
Restructuring	(11.110)	0
Run-off on purchase price allocations to inventories in connection with acquisition of enterprises	0	(40.223)
	(13.687)	**(40.223)**

5. Income statement classified by function

Accounting policy

The Group prepares the income statement based on an adapted classification of the costs by function in order to show the earnings before depreciation, amortization and impairment (EBITDA). Depreciation, amortization and impairment of tangible and intangible assets are therefore separated from the individual functions and presented on separate lines.

The table below shows an extract of the income statement adapted to show depreciation, amortisation and impairment classified by function.

	2016 DKK(000)	2015 DKK (000)
Revenue	1.481.777	1.371.773
Production costs	(1.134.075)	(1.050.453)
Gross profit	**347.702**	**321.320**
Sales and distribution costs	(247.256)	(176.378)
Administrative costs	(99.251)	(98.283)
Other operating income and costs	2.998	3.099
Special non-recurring items	(13.687)	(40.223)
Earnings before interest and tax (EBIT)	**(9.494)**	**9.535**
Depreciation, amortisation and impairment consist of:		
Impairment and Amortisation of intangible assets	(16.199)	(8.017)
Write-down and Depreciation of tangible assets	(81.850)	(66.416)
	(98.049)	**(74.433)**
Depreciation, amortisation and impairment are split on:		
Production costs	(78.670)	(63.997)
Sales and distribution costs	(1.941)	(1.351)
Administrative costs	(17.438)	(9.085)
	(98.049)	**(74.433)**

Cash flow statement

Accounting policy

The consolidated cash flow statement is presented according to the indirect method and shows the composition of cash flow divided into operating, investing and financing activities, respectively, and the changes in cash, cash equivalents and cash pool balance during the year.

The cash flow statement is based on earnings before special non-recurring items, depreciation and amortization (EBITDA).

- Cash and cash equivalents consist of cash and bank deposits and cash pool balance is the Group's balance at the reporting date
- Interest-bearing debt items are less interest-bearing receivables
- All other non-interest-bearing receivables and debt items are regarded as working capital

Cash flow from operating activities consists of earnings before special non-recurring items, depreciation and amortization (EBITDA) adjusted for non-cash operating items, changes in working capital and payments in respect of provisions, corporation tax and financial items.

Cash flow from investing activities comprises payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of assets and prepayments of assets.

Cash flow from financing activities comprises payments to and contributions from owners as well as the raising and repayment of loans.

The Group’s cash and cash equivalents mainly consist of money deposited with banks and the cash pool balance.

		2016	2015
6	**Change in provisions**	DKK(000)	DKK (000)
	Pensions and similar obligations	27	101
	Warranty	(30.228)	(41.003)
	Other provisions	8.150	(15.923)
		(22.051)	**(56.825)**
7	**Change in working capital**		
	Inventories	8.221	42.720
	Trade receivables	(10.244)	6.739
	Trade creditors	103.631	5.740
	Prepayments	122	(169)
	Other receivables and other liabilities	40.391	30.264
		142.121	**85.294**
8	**Financial payments received and made**		
	Financial payments received	28.153	13.021
	Financial payments made	(43.579)	(33.900)
		(15.426)	**(20.879)**
9	**Change in other interest-bearing debt**		
	Bank loan/issued bond, yield	55.000	478.044
	Financial liability, remaining acquisition price	(130.230)	130.230
	Other financial liabilities	844	16.823
	Financial lease	(490)	2.135
	Other	(2.245)	(4.357)
		(77.121)	**622.875**

10. Acquisition and disposal of enterprises and activities

Accounting Policy
Business combinations
On acquisition of enterprises, the purchase method is applied, and the assets, liabilities and contingent liabilities of the enterprises acquired are measured at fair value on the date of acquisition. The date of acquisition is the date when the Group in fact controls the enterprise acquired.

Restructuring costs are only recognised in the acquisition balance sheet if they are a liability for the enterprise acquired on the date of acquisition. The tax effect of the revaluations made is taken into account. Enterprises acquired are included in the consolidated financial statements from the date of acquisition.

If the Group acquires control in several steps (gradual acquisition) the investments held by the Group immediately before the last transaction when the control is acquired are considered sold and immediately repurchased at fair value at the date of acquisition. Any difference between the sales price and the carrying amount of these investments will result in gain or loss on the investments already held. Gain/loss is recognised in the income statement as financial items.

Statement of cost

The cost of an enterprise consists of the fair value of the purchase price of the enterprise acquired. If the final determination of the acquisition price is subject to one or more future events or fulfilment of terms agreed, these are recognised at fair value hereof at the date of acquisition and classified as a financial liability. Contingent considerations that are classified as a financial liability are continuously remeasured at fair value and adjusted directly in the income statement.

Costs that are related to the acquisition are recognised in the income statement at the time of occurrence.

In the case of business combinations, positive variances between the cost of the enterprise and the fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under the heading of intangible assets. Goodwill is not amortised, but is tested at least once a year for impairment. On the acquisition, goodwill is allocated to the cash generating units which subsequently form the basis of the impairment test. Negative variances (negative goodwill) are recognised in the income statement at the date of acquisition.

If there is any uncertainty regarding the identification or measurement of acquired assets, liabilities and contingent liabilities or the determination of the consideration at the date of acquisition, initial recognition is based on provisional values. The provisional values can be adjusted or additional assets or liabilities included until 12 months after the acquisition, if new information has appeared regarding circumstances that existed at the time of acquisition, which would have affected the statement of the values at the time of acquisition had the information been known.

Enterprises disposed of are consolidated until the date of disposal. The difference between the selling price and the carrying amount of the net assets at the date of disposal including remaining goodwill less expected costs of disposal is recognised in the income statement.

If the final determination of the selling price is subject to one or more future events or fulfilment of terms agreed, the price is recognised at fair value at the date of disposal and classified as a financial asset.

	2016 DKK (000) Combined fair value adjusted opening balance sheet	2015 DKK (000) Combined fair value adjusted opening balance sheet
Customer relations	0	93.396
Other intangible assets	0	10.452
Tangible assets	0	862.156
Deferred tax, net	0	664
Inventories	0	325.319
Remaining Net working Capital	0	53.011
NIBD	0	(602.382)
Provisions	0	(161.392)
Pensions	0	(300)
Other liabilities	0	(11.033)
Net assets	**0**	**569.891**
Goodwill	0	12.705
Net cash effect, acquisitions	**0**	**582.596**

2016:
There have been no acquisitions in 2016.

2015:
On 30 January 2015 Cembrit Group A/S acquired 100 % of the shares in Cembrit Holding A/S. Cembrit is one of the leading distributors and manufacturers of fibre-cement products in Europe.

Net sales for the period 30 December 2014-31 December 2015 is all related to the acquired activities in Cembrit. Profit for acquired activities in the period is DKK 5.6m

Net sales and profit for 2015 for the Group would have been DKK 1.465m and DKK -29.0m respectively based on a pro forma calculation where Cembrit Holding A/S was acquired 1 January 2015.

Acquisition price amounted to DKK 582.6m. DKK 130.2m hereof should be paid in January 2016.

Costs related to the transaction amounts to DKK 4.9m. These costs primary relates to legal advice and other consulting fee, which have been included in administrative costs.

After recognition of the identifiable assets, liabilities and contingent liabilities at fair value a goodwill of DKK12.7m has been assessed. Goodwill represents e.g. the value of existing staff and knowhow. The goodwill cannot be deducted for tax purpose.

Assessment of fair value
In connection with the acquisition of Cembrit a Purchase Price Allocation (PPA) was carried out. Identifiable assets, liabilities and contingent liabilities are included at fair value at the date of acquisition.

The customer relations are assessed by calculating all future EBITDA on the currently existing customers deducted by fictitious leasing costs, known as capital asset charge (CAC), from the assets and the work force in the group and finally adjusted for tax and discounting. A discount rate of 12.28% has been applied based on a risk weighted wacc.

Other intangible assets, containing software licenses etc. are recognized to the same value as in the financial reports.

The lands and buildings are assessed individually for each production site by an external assessor.

The value of machinery has been assessed based on reacquisition value of depreciated assets.

Raw materials in production entities are assessed as the financially reported value, as these goods are not ready for resale yet and have not been processed. The value of semi-finished and finished goods on stock in production entities are determined including a profit equal to a production profit, however not including a reasonable profit allowance for the selling effort. In sales entities externally bought products have been listed to the standard cost price, while all Cembrit goods have been added with the profit margin.

Remaining NWC are assessed to the same value as in bookkeeping, as the value was audited for December 2014 figures by auditors and no significant changes to bad debt was expected. Discount rate is equal to the Group's external loan rate before tax.

11. Disposal of enterprises and activities

Accounting policy
When selling enterprises and activities the difference between the selling price and the carrying amount of the net assets at the date of disposal including remaining goodwill less expected costs of disposals is recognized in the income statement in the line "Profit/loss on disposal of undertakings and activities". If the final consideration is dependent on future events (contingent consideration), it is stated at fair value at the time of sale.

Enterprises and activities sold are included in the consolidated financial statements until the date of disposal.

	2016 DKK(000)	2015 DKK (000)
Cash and cash equivalents	0	149
Carrying amount of net assets disposed	**0**	**149**
Profit/(loss) on disposal of enterprises and activities	0	0
Cash sales value	**0**	149
Total selling price	**0**	**149**
Cash and cash equivalents disposed of, see above	**0**	149
Net cash effect including contingent consideration in a business combination	**0**	**0**
Profit/(loss) on disposal of enterprises and activities		

Profit/(loss) on disposal of enterprises and activities recognised in the income statement is stated at an average exchange rate and can therefore not be reconciled directly with the above figures.

2016:
No disposals in 2016. We have liquidated the Danish Subsidiary Cembrit Export ApS.

2015:
Disposal of enterprises and activities in 2015 consists of disposal of activities in Holland (Cembrit BV).

Non-current assets and investments

12. Intangible assets

Accounting policy

Goodwill
Goodwill is measured in the balance sheet at cost in connection with initial recognition. Subsequently, goodwill is measured at cost less accumulated impairment losses. When recognizing goodwill, it is allocated to the cash flow generating units as defined by the Management. The determination of cash generating units complies with the managerial structure and the internal financial control and reporting in the Group.

The carrying value of goodwill is tested for impairment at least once a year together with the other non-current assets in the cash flow generating unit to which the goodwill is allocated, and it is written down to recoverable amount via the income statement if the carrying value exceeds the recoverable amount, this representing the higher of the fair value of the asset less expected disposal costs or value in use. The recoverable amount is determined as the present value of the expected future net cash flows from the cash generating unit to which the goodwill is allocated. Impairment of goodwill is recognized in the income statement on the line Amortization and impairment of intangible assets.

Patents & rights, customer relations and other intangible assets
Other intangible assets with an infinite useful life are measured at cost less accumulated amortization and impairment losses.

Development projects, for which the technical rate of utilisation, sufficient resources and a potential future market or application in the Group can be demonstrated and which are intended to be manufactured, marketed or used, are recognised as development projects. This requires that the cost can be determined and it is sufficiently certain that the future earnings or the net selling price will cover production, sales and administrative costs plus the development costs. Other development costs are recognised in the income statement when the costs are incurred. Development costs consist of salaries and other costs that are directly attributable to development activities.

Amortization of patents, rights, customer relations and other intangible assets is charged over the remaining patent or agreement period or useful life if shorter.

The amortization profile is systematically based on the expected distribution of the assets' future economic benefits. The basis of amortization is reduced by impairment, if any.

Amortisation of completed development projects is charged on a straight line basis during their estimated useful life. Development projects are written down for impairment to recoverable amount if lower. Development projects in progress are tested for impairment at least once a year.

Amortization takes place systematically over the estimated useful life of the assets which is as follows:

- Development projects, up to 10 years
- Software applications, up to 10 years
- Patents, rights and other intangible assets, up to 20 years
- Customer relations, up to 15 years

DKK(000)	Goodwill	Development projects	Consessions, patents, licenses etc.	Customer relations	Other intangible assets	Advance payments for intangible assets	Total
Cost at 1 January 2016	12.705	0	4.439	93.396	30.429	565	141.534
Foreign exchange adjustments			(65)	(2)	(30)	231	134
Additions		972	1.294		32.922	2.890	38.078
Disposals			(3.135)				(3.135)
Transferred between categories			162			(162)	0
Cost at 31 December 2016	**12.705**	**972**	**2.695**	**93.394**	**63.321**	**3.524**	**176.611**
Amortisation and impairment at 1 January 2016	0	0	(1.662)	(5.708)	(501)	0	(7.871)
Foreign exchange adjustments			61	10	24		95
Disposals			3.135				3.135
Amortizations		(18)	(1.642)	(6.376)	(4.998)		(13.034)
Impairment				(3.165)			(3.165)
Amortisation and impairment at 31 December 2016	**0**	**(18)**	**(108)**	**(15.239)**	**(5.475)**	**0**	**(20.840)**
Carrying amount at 31 December 2016	**12.705**	**954**	**2.587**	**78.155**	**57.846**	**3.524**	**155.771**

For allocation of amortisation and impairment to production costs, sales and distribution costs and administration costs, see note 5.

DKK (000)	Goodwill	Development projects	Consessions, patents, licenses etc.	Customer relations	Other intangible assets	Advance payments for intangible assets	Total
Cost at 30 December 2014	0	0	0	0	0	0	0
Acquisition of Group enterprises	12.705		3.922	93.525	5.781	620	116.553
Additions			504	0	24.573	0	25.077
Transferred between categories			0	0	75	(75)	0
Other adjustments			13	(129)	0	20	(96)
Cost at 31 December 2015	**12.705**	**0**	**4.439**	**93.396**	**30.429**	**565**	**141.534**
Amortisation and impairment at 30 December 2014	0	0	0	0	0	0	0
Disposals			0	0	0	0	0
Amortisation and impairment			(1.662)	(5.799)	(501)	0	(7.962)
Other adjustment			0	91	0	0	91
Amortisation and impairment at 31 December 2015	**0**	**0**	**(1.662)**	**(5.708)**	**(501)**	**0**	(7.871)
Carrying amount at 31 December 2015	**12.705**	**0**	**2.777**	**87.688**	**29.928**	**565**	**133.663**

For allocation of amortisation and impairment to production costs, sales and distribution costs and administration costs, see note 5.

The Group's research and development costs totalled DKK 6.6m (2015: DKK 6.3m) Research and development costs not capitalised are included in production costs.

13. Tangible assets

Accounting policy
Land and buildings, production facilities and machinery, operating equipment and tools and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials and direct labour costs.

Depreciation is charged on a straight line basis over the estimated useful life of the assets until they reach the estimated residual value. Estimated useful life is as follows:

- Buildings, 15-50 years
- Plant and machinery, 10-25 years
- Operating equipment and other tools and equipment, 3-5 years
- Land not depreciated

Assets of low acquisition value or short life time are expenses in the income statement in the year of acquisition.

Newly acquired assets and assets of own construction is depreciated from the time they are available for use.

Where acquisition or use of the asset places the Group under an obligation to incur the costs of pulling down or re-establishing the asset, the estimated costs for this purpose are recognized as part of the asset concerned, and are depreciated during the asset's useful life.

Assets held under a finance lease are measured in the balance sheet at fair value or the present value of future lease payments at the time of entering the contract, if lower. In calculating the present value, the internal interest rate of the lease agreement is used as a discounting factor or alternatively the Group’s borrowing rate. Assets held under a finance lease are depreciated like other tangible assets of the Group.

The capitalised residual lease commitment is recognised in the balance sheet as debt whilst the interest component of the lease payment is recognised in the income statement as a financial item.

For operating leases, the lease payments are recognized in the income statement on a straight line basis over the lease period.

DKK (000)	Land & buildings	Plant & machinery	Operating equipment, fixtures & fittings	Tangible assets in course of construction	Total
Cost at 1 January 2016	382.286	490.764	20.613	129.837	1.023.500
Foreign exchange adjustment	(4.750)	(9.266)	(810)	(824)	(15.650)
Additions	4.164	1.344	5.536	112.052	123.096
Disposals	(1.033)	(76.824)	(8.070)	(84)	(86.011)
Transferred between categories	52.522	107.054	5.599	(165.175)	0
Cost at 31 December 2016	**433.189**	**513.072**	**22.868**	**75.806**	**1.044.935**
Depreciation and impairment at 1 January 2016	(12.366)	(51.240)	(2.868)	0	(66.474)
Foreign exchange adjustment	1.651	5.856	661	80	8.248
Disposals	1.033	76.988	7.732		85.753
Depreciation	(15.470)	(60.622)	(5.678)	(80)	(81.850)
Depreciation and impairment at 31 December 2016	**(25.152)**	**(29.018)**	**(153)**	**0**	**(54.323)**
Carrying amount at 31 December 2016	**408.037**	**484.054**	**22.715**	**75.806**	**990.612**
Hereof asset held under a finance lease	**0**	**1.454**	**0**	**0**	**1.454**

DKK (000)	Land & buildings	Plant & machinery	Operating equipment, fixtures & fittings	Tangible assets in course of construction	Total
Cost at 30 December 2014	0	0	0	0	0
Reclassification from assets held for sale					0
Foreign exchange adjustment					0
Acquisition of Group enterprises	331.371	351.831	8.513	170.441	862.156
Additions	19.939	57.640	11.098	67.041	155.718
Disposals	(84)	(106)	(73)	0	(263)
Transferred between categories	23.070	77.570	0	(100.640)	0
Other adjustments	7.990	3.829	1.075	(7.005)	5.889
Cost at 31 December 2015	**382.286**	**490.764**	**20.613**	**129.837**	**1.023.500**
Depreciation and impairment at 30 December 2014	0	0	0	0	0
Depreciation	(12.366)	(51.240)	(2.868)	0	(66.474)
Depreciation and impairment at 31 December 2015	**(12.366)**	**(51.240)**	**(2.868)**	**0**	**(66.474)**
Carrying amount at 31 December 2015	**369.920**	**439.524**	**17.745**	**129.837**	**957.026**
Hereof asset held under a finance lease	**0**	**2.082**	**0**	**0**	**2.082**

Cembrit Group has signed contracts regarding purchase of property, plant and equipment at a value of DKK 3.6m (2015: DKK 6.0m). Borrowing costs capitalized during the period DKK 5.8m (2015: DKK 0.0m).

No changes are made in significant accounting estimates regarding property, plant and equipment.

14. Financial assets

Accounting policy

Financial assets are stated at fair value where possible. The financial assets consist of long-term deposit in France and Ireland.

	2016 DKK(000)	2015 DKK (000)
Cost at 1 January	875	0
Acquisition of Group enterprises	0	875
Additions	335	0
Cost at 31 December	**1.210**	**875**
Adjustments 1 January	(868)	0
Acquisition of Group enterprises	0	424
Disposals	0	(1.292)
Adjustments 31 December	**(868)**	**(868)**
Carrying amount at 31 December	**342**	**7**

15. Impairment test

Accounting policy

Goodwill with indefinite useful life is tested for impairment at least once a year and when there is indication of impairment, the first time being before the end of the year of acquisition. The carrying amounts of other Non-current assets are reviewed each year to determine whether there is any indication of impairment. If any such indication exists, the recoverable value of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less expected disposal costs or value in use.

Loss on impairment is recognized if the carrying amount of an asset or a cash generating unit exceeds the recoverable amount of the asset or the cash generating unit. Impairment losses are recognized in the income statement under the same heading as the related amortization and depreciation. Impairment of goodwill is not reversed. Recognition of impairment of other assets is reversed to the extent that changes have taken place in the assumptions and estimates that led to the recognition of impairment.

Loss on impairment is only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount the asset would have had after depreciation or amortization if the asset had not been impaired.

Procedure for impairment test

Intangible assets are primarily related to acquisition of enterprises and activities, development projects and software.

Management defines the cash-generating units (CGU) based on the smallest group of identifiable assets which together generate incoming cash flow from continued use of the assets and which are independent of cash flow from other assets or groups of assets. The definition of the cash generating units is reconsidered once a year. Cembrit is evaluated to be one cash-generating unit - if relevant test is done on a lower level.

The recoverable amount of a CGU is based on value in use calculations and is calculated by discounting expected future cash flow.

An estimate is made of the future free net cash flow based on budgets for the coming five years and projections for the subsequent years (the terminal value). Significant parameters in this estimate are discount rate, revenue development for the next five years, EBITA margins, expected investments and growth expectations for the period after the five years.

Annual impairment test
As at 31 December 2016, the carrying amount of goodwill and other intangible assets of indefinite useful life were tested for impairment.

At the annual test, Cembrit is seen as one CGU. The definition of CGUs is based on the certainty by which the carrying amount of the intangible assets can reasonably be allocated and monitored. The level of allocating and monitoring the Group's intangible assets among cash-generating units should also be seen in conjunction with the Group strategy. The impairment test is based on the group structure used in 2016.

Carrying amounts of goodwill and other intangible assets included in the cash-generating unit for impairment test of those assets are specified below:

DKK (000)	Goodwill	Development projects	Consessions, patents, licenses etc.	Customer relations	Other intangible assets	Advance payments for intangible assets	Total
Cembrit	12.705	954	2.587	78.155	57.846	3.524	155.771

Key assumptions

Investments	See comments below
Annual growth rate in budget 2017-20	6%
Annual growth rate in terminal period	1.5%
Discount Rate after tax	11%
Discount Rate before tax	14%
EBITA margin in budget 2017-20	6%-11%
EBITA margin in terminal period	11%

Management determines the expected annual growth in the budget period and the expected margins based on historical experience and assumptions of expected market developments.

The discount rate has been revised to reflect the latest market assumptions for the risk free rate based on a 10-year Danish government bond, the equity risk premium and the cost of debt.

The long term growth rate for the terminal period is based on the expected growth in the world economy as well as input from current long term inflation swaps. Due to the current low interest rate environment a conservative approach regarding the long term growth rate for the terminal period has been applied. This methodology has been applied to ensure consistency with the level of the risk free rate applied as a basis of the estimation of WACC and the long term growth rate. Based on these factors a long term terminal period growth rate of 1.5 % is applied.

Investments in budget 2017-20 follow the group strategy for investments. For the period after 2019 investments are expected at a level of average yearly depreciations.

A sensitivity analysis has been made of the main assumptions in the impairment test to identify the lowest and/or the highest discount rate and the lowest growth rate for the CGU.

Based on the impairment tests performed 31 December 2016, the impairment test is indicating increased values and impairment will not be required.

16. Specification of working capital

Note 17 and 18 show additional specification of selected working capital items. The Group's working capital is specified as follows:

	2016 DKK(000)	2015 DKK (000)
Inventories	271.730	285.328
Trade receivables	210.625	208.975
Other receivables	22.615	34.490
Prepaid expenses	7.378	9.062
	512.348	**537.855**
Prepayments from customers	(555)	(1.927)
Trade payables	(234.414)	(133.037)
Other liabilities	(184.607)	(151.455)
Deferred revenue	(222)	(2.381)
	(419.798)	**(288.800)**
Working capital of the Group	**92.550**	**249.055**

The change in working capital in the above table cannot be reconciled with note 7 Change in working capital.

17. Inventories

Accounting policy

Inventories are measured at cost using the FIFO principle.

In the event that cost of inventories exceeds the expected selling price less completion and selling costs, the inventories are written down to lower net realization value. The net realizable value of inventories is measured as the sales price less costs of completion and costs incurred to implement the sale and are fixed on the basis of the expected sales price.

Write down assessment is performed item by items including:

- Test for slow moving inventory
- Test for aging of inventory
- Assessment of expected marked (pricing and market potential)

Obsolete items are written down to zero and disposed of.

Work-in-progress and Finished goods are recognized at manufacturing cost including materials consumed and labour costs plus an allowance for production overheads. Production overheads include operating costs, maintenance and depreciation of production plant plus administration and factory management.

In the case of finished goods where the cost or the production price exceeds the estimated sales price less completion and selling costs, a loss to such lower net realizable value is recognized.

	2016 DKK(000)	2015 DKK (000)
Raw materials and consumables	57.038	66.052
Semi-finished goods	65.739	29.686
Finished goods and goods for resale	148.953	189.590
Inventories at 31 December	**271.730**	**285.328**
Impairment at 1 January	2.028	0
Foreign exchange adjustment	(219)	0
Additions	12.843	2.028
Disposals	(119)	0
Reversals	(3)	0
Write down at 31 December	**14.530**	**2.028**

18. Trade and other receivables

Accounting policy

Receivables comprise trade receivables and other receivables.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. A write down loss is recognized when there is an indication that an individual receivable has been impaired. The assessment of bad debt is carried out for individual receivables and includes:

- Evaluation of the customers' ability to pay
- Ageing of receivable
- Possibility to offset assets against claims
- Access to other securities

The bad debt loss is deducted from the carrying amount of trade receivables and the amount of the loss is recognized in the income statement under sales- and distribution costs.

Specification of changes in write down of trade receivables	2016 DKK(000)	2015 DKK (000)
Impairment at 1 January	911	0
Foreign exchange adjustment	4	0
Additions	88	911
Reversals	(473)	0
Realised	(20)	0
Write down, trade receivables at 31 December	**510**	**911**

Trade receivables from gross sales are specified according to maturity as follows:

Maturity period:	2016 DKK(000)	2015 DKK (000)
Not due for payment	206.743	200.742
Due < 2 month	3.154	7.149
Due 2-6 month	491	575
Due 6-12 month	163	324
Due > 12 month	74	185
	210.625	**208.975**

In 2016 other receivables amount to DKKt 29,094 and include corporation taxes receivables (2015: DKKt 37,356).

Tax

19. Tax for the year

Accounting policy

Tax for the year which comprises current tax and the change in deferred tax is recognized in the income statement with the share attributable to the profit/loss of the year, and in the other comprehensive income with the share attributable to items recognised in other comprehensive income. Exchange rate adjustments of deferred tax are included as part of the year's adjustments of deferred tax.

Current tax comprises tax calculated on the basis of the expected taxable income for the year, using the applicable tax rates for the financial year, and any adjustments of taxes for previous years.

	2016 DKK(000)	2015 DKK (000)
Current tax on the profit/loss for the year	(7.209)	(12.772)
Withholding tax	0	(131)
Adjustment of deferred tax	15.150	15.011
Adjustment of tax rate on deferred tax	(109)	176
Adjustments regarding previous years, deferred taxes	216	(783)
Adjustments regarding previous years, current taxes	(1.608)	23
Other adjustments	0	2.547
Tax for the period	**6.440**	**4.071**
Effective tax rate	**10,3%**	**14,1%**
Reconciliation of tax rate		
Tax according to Danish tax rate	13.839	7.868
Difference in the tax rates in foreign subsidiaries relative to Danish tax rate	(209)	649
Withholding taxes	0	(131)
Non-taxable income and non-deductible costs	(3.958)	(2.494)
Difference in the tax rate between P&L and Balance	(51)	(1.127)
Differences in tax assets valued at nil	(1.680)	(2.657)
Differences due to adjustment of tax rate	(109)	176
Adjustments regarding previous years, deferred tax	216	(783)
Adjustments regarding previous years, current tax	(1.608)	23
Other adjustments	0	2.547
Effective tax rate	**6.440**	**4.071**

Corporate income tax received in 2016 amounts to DKK 41m (2015: Corporate income tax paid DKK 17m).

Tax on other comprehensive income

	2016 DKK(000)	2015 DKK (000)
Value adjustments of hedging instruments	717	451
	717	**451**

20. Deferred tax assets and liabilities

Accounting Policy

Deferred tax is calculated using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to initial recognition of goodwill not deductible for tax purposes. Measurement of deferred tax is based on the tax rules and tax rates applicable in the respective countries at the balance sheet date, which is expected to be valid, when the deferred tax will be reversed as current tax. The effect of changes in the tax rates is stated in the income statement unless they are items previously entered in the statement of comprehensive income.

A deferred tax provision is made to cover retaxation of losses in foreign enterprises if shares in the enterprises concerned are likely to be sold and to cover expected additional future tax liabilities related to financial year or previous years. No deferred tax liabilities regarding investments in subsidiaries are recognized if the shares are unlikely to be sold in the short term.

The tax value of losses that are expected with adequate certainty to be available for utilization against future taxable income in the same legal tax unit and jurisdiction is included in the measurement of deferred tax.

Cembrit Group A/S is jointly taxed with all Danish subsidiaries, Cembrit Group A/S being the administrator of Danish joint taxation. All the Danish subsidiaries provide for the Danish tax based on the current rules with full distribution. Recognition of deferred tax assets and tax liabilities is made in the individual Danish enterprises based on the principles described above. The jointly taxed Danish enterprises are included in the Danish tax payable on account scheme.

DKK (000)

2016

Deferred tax consists of	Balance sheet 1 Januar	Foreign exchange translation	Adjustment to previous years	Acquisitions and disposals	Changed tax rate	Included in other comprehen-sive income	Other	Included in the profit/loss	Balance sheet 31 December
Intangible assets	(397)	27			(22)		(803)	(8.201)	(9.396)
Tangible assets	(55.672)	11	(58)		(96)		770	5.298	(49.747)
Fixed assets investments	0	0					0		0
Current assets	32.817	(18)				334	1.036	(28.174)	5.995
Liabilities	(5.014)	(301)	1.135		(4)	383	(1.159)	22.292	17.332
Tax loss carry-forward, etc.	41.805	(11)	(861)		10		10	23.912	64.865
Share of tax asset valued at nil	(26)				3		0	23	0
Net deferred tax assets/(liabilities)	**13.513**	**(292)**	**216**	**0**	**(109)**	**717**	**(146)**	**15.150**	**29.049**

DKK (000)

2015

Deferred tax consists of	Balance sheet 30 December 2014	Foreign exchange translation	Adjustment to previous years	Acquisitions and disposals	Changed tax rate	Included in other comprehen-sive income	Other	Included in the profit/loss	Balance sheet 31 December 2015
Intangible assets	0		(1.256)	8.380				(7.521)	(397)
Tangible assets	0	(174)	212	(57.879)	227		(4)	1.946	(55.672)
Fixed assets investments	0			67				(67)	0
Current assets	0	87	2	39.375			5	(6.652)	32.817
Liabilities	0	200	(61)	(7.959)	(51)	451	866	1.540	(5.014)
Tax loss carry-forward, etc.	0	402	320	15.833			(391)	25.641	41.805
Share of tax asset valued at nil	0			(150)				124	(26)
Net deferred tax assets/(liabilities)	**0**	**515**	**(783)**	**(2.333)**	**176**	**451**	**476**	**15.011**	**13.513**

Continuing activities	Deferred Tax Assets 2016 DKK (000)	Deferred Tax Liability 2016 DKK (000)	Deferred Tax Assets 2015 DKK (000)	Deferred Tax Liability 2015 DKK (000)
Intangible assets	13.173	22.569	18.449	18.846
Tangible assets	15.059	64.806	13.592	69.264
Fixed assets investments	0	0	0	0
Current assets	6.601	606	32.849	32
Liabilities	18.820	1.488	21.956	26.970
Tax loss carry-forward, etc.	64.865	0	41.805	0
Share of tax asset valued at nil	0	0	0	26
	118.518	**89.469**	**128.651**	**115.138**
Set-off with legal entities and jurisdictions	(19.993)	(19.993)	(45.470)	(45.470)
	98.525	**69.476**	**83.181**	**69.668**

Maturity profile of tax assets valued at nil	2016 DKK (000)	2015 DKK (000)
Within one year	0	0
Between one and five years	23.449	12.496
After five years	2.832	10.984
	26.281	**23.480**

Deferred tax assets not recognised in the balance sheet consists of	2016 DKK (000)	2015 DKK (000)
Temporary differences	0	26
Tax losses	26.281	23.454
	26.281	**23.480**

The Group's deferred tax assets are recognised to the extent that they are expected to be used in the future.

If companies in the Group have deferred tax liabilities, they are valued independently of the time when the tax, if any, becomes payable.

Tax loss carry-forward relate to Czech, Hungary, Russia and the Danish entities - Cembrit Holding A/S and DKCF ApS. If the result of expected future earnings gives a reasonable probability that the losses will be realised in a foreseeable future, the deferred tax assets has been recognized. In all other cases the tax asset has been written-down.

The Groups performance is in line with business plan, where positive taxable income is expected within the closets years.

Financial items

21. Financial income and costs

Accounting policy

Financial items comprise interest income and costs, the interest portion of finance leases, realized and unrealized exchange gains and losses on securities, liabilities and transactions in foreign currency, etc.

Interest income and costs are accrued on the basis of the principal amount and the effective interest rate. The effective interest rate is the discount rate used to discount the anticipated future payments which are related to the financial asset or the financial liability so that the present value of the payments corresponds to the carrying amount of the asset and the liability, respectively.

	2016 DKK(000)	2015 DKK (000)
Financial income		
Interest income from banks and receivables	2.460	568
Other financial income	25	181
Interest income from financial assets that is not measured at fair value in the income statement	**2.485**	**749**
Foreign exchange gains, realised	8.751	11.748
Foreign exchange gains, unrealised	16.917	524
	28.153	**13.021**
Financial costs		
Interest payable on bank loans	(49.240)	(25.098)
Interest payable, related parties	0	(3.849)
Interest payable, other and other financial expenses	(5.727)	(14.002)
Interest expense from financial liabilities that are not measured at fair value in the income statement	**(54.967)**	**(42.949)**
Foreign exchange losses, realised	(9.673)	(8.139)
Foreign exchange losses, unrealised	(16.844)	(295)
	(81.484)	**(51.383)**

22. Maturity structure of financial liabilities

The maturity profile of financial liabilities specified by time to maturity is specified as follows:

The maturity profile of financial liabilities specified by time to maturity is specified as follows:

	2016 DKK (000) Contractual liability	2016 DKK (000) Liability	2015 DKK (000) Contractual liability	2015 DKK (000) Liability
Within one year	406.064	393.852	283.191	274.906
Between one and five years	751.802	508.500	194.403	179.501
After five years	0	0	420.526	262.430
Total	**1.157.866**	**902.352**	**898.120**	**716.837**

Financial liabilities include bank loans, bank credit facilities, issued bond and financial lease.

23. Specification of net interest-bearing receivables/(debt)

	Currency	Contractual liability	2016 DKK ('000)	Effective interest rate	Interest period < 1 year	Interest period 1 -5 years	Interest period > 5 years
Bank loans and similar credit facilities	DKK	(812.766)	(560.722)	3.8-12.0%	9%	91%	0%
Lease liabilities	EUR	(1.725)	(1.637)	3.0-3.7%	40%	60%	0%
Credit facilities	CZK	(17.838)	(17.644)	2.2%	100%	0%	0%
Other liabilities	DKK	(325.537)	(322.349)	3.8%	100%	0%	0%
Total debt		**(1.157.866)**	**(902.352)**				
Total cash and cash equivalents			**339.322**				
Financial instruments and other fin. receivables			**-12.384**				
Net interest-bearing receivables/(debt)			**(575.414)**				

All other financial liabilities fall due within one year as shown in the Balance Sheet.
According to the leases there are no contingent rentals.

The Group has entered into a DKK interest rate swap agreement fixing the interest to 0.61% p.a. on DKK 228m related to loan until March 2021.

Cash and cash equivalents consist of cash pool, bank deposits and operating cash.

	Currency	Contractual liability	2015 DKK ('000)	Effective interest rate	< 1 year	Interest period 1 -5 years	> 5 years
Bank loans and similar credit facilities	DKK	(787.577)	(607.065)	3.8-9.0%	8%	37%	55%
Lease liabilities	EUR	(2.146)	(2.135)	3.0-4.0%	28%	72%	0%
Credit facilities	CZK	(17.008)	(16.823)	2,2%	100%	0%	0%
Other liabilities	DKK	(91.389)	(90.814)	3.8-5.0%	100%	0%	0%
Total debt		**(898.120)**	**(716.837)**				
Total cash and cash equivalents			**168.005**				
Financial instruments and other fin. receivables			**(2.245)**				
Net interest-bearing receivables/(debt)			**(551.077)**				

All other financial liabilities fall due within one year as shown in the Balance Sheet.
According to the leases there are no contingent rentals.

The Group has entered into a DKK interest rate swap agreement fixing the interest to 0.61% p.a. on DKK 250m related to loan until March 2021.
Cash and cash equivalents consist of bank deposits and operating cash.

Development in net interest-bearing receivables/(debt):	2016 DKK (000)	2015 DKK (000)
Net interest bearing receivables/(debt) at 1 January	(551.077)	0
Cash position from acquisition of activities	0	85.171
Cash flow from operating activities	232.695	73.209
Net investments in intangible, tangible and financial assets	(161.287)	(758.087)
Net of new loan and loan instalment	(78.970)	0
Tax receivable decreased in financial liability related to acquisition of activities	0	55.230
Financial instruments	(10.139)	(2.245)
Currency and other adjustments	(6.636)	(4.355)
Interest bearing receivables/(debt) at 31 December	**(575.414)**	**(551.077)**

24. Financial risks

As a result of its international operations, investments and financing, the Group is exposed to a number of financial risks, including markets risks, liquidity and credit risk.

Financial risks	
Markets risks	Risks that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in markets prices
Liquidity risks	Risks that the Group will encounter difficulties in meeting obligations associated with financial liabilities
Credit risks	Risks that a counterparty of a financial instrument is unable to fulfil its obligations and thereby inflict a loss to the Group

Group Finance is in charge of the overall risk management in accordance with the principles adopted by the Board of Directors. The Group's financial management is directed towards the management and reduction of financial risks arising directly from the Group's commercial operations, investments and financing. The Group may not engage in any active speculation in financial risks.

Most of the Group's financial transactions are carried out through Cembrit Holding in Denmark.

The Group has not defaulted or breached any loan agreements (covenants) during 2015 and 2016.

Market risks

Currency risks	Arise due to purchase and sale transactions as well as financial assets and liabilities in currencies other than the functional currency of the individual Group business
Interest rate risks	Refer to the influence of changes in market interest rates on future cash flow relating to the Group's interest-bearing assets and liabilities and the fair value of these
Raw material price risks	Refer to the influence of changes in raw material prices, which are not related to currency risks or interest rate risks

Currency risk

The overall framework for managing currency exposures is recorded in the Group's treasury policy acknowledged by the Board of Directors.

Hedging is accomplished by Group Treasury in Denmark. For the hedging of currency risks, expected cash flows are broken down by currencies.

The Group does not hedge the currency risk between EUR/DKK due to the Danish fixed-exchange rate policy aimed at the EUR.

Risks relating to purchases and sales

For sales companies, the main part of both income and costs are settled in the company's functional currency. For the production companies transactions are settled in various currencies, and therefore, these units are exposed to change in exchange rates.

According to the Group's treasury policy, transaction risk for 2016 is hedged as a general rule for the budget period of maximum 12 months with a hedge ratio between 50-100%. The hedging is done at company level.

The Group's currency risks are primarily hedged by the settlement of income and costs in the same currency and by use of derivative financial instruments. Investments in Group enterprises are not hedged.

The Group's most predominant currency exposure regarding the operating results arises from sales and purchases in DKK, EUR, GBP, CZK, PLN, SEK, NOK, CAD, JPY and USD. A 10% drop in these exchange rates (apart from DKK and EUR) would, viewed separately, reduce EBITDA by approximately DKK 13.1m (2015 DKK 20.8m). The sensitivity surrounding Group equity is not materially different from the impact on the operating results of the year. Some of the currencies have been quite volatile during 2016, but the currency risk impact has been reduced because of the hedge policy.

At the end of 2016 the Group's treasury policy has been adjusted. Going forward the target is to hedge the transaction risk on a continuous 12-18 months rolling basis.

Risks relating to net financing

The Group's most important currency risks arising from receivables and payables in foreign currencies at 31 December 2016 relate to the following currencies: DKK, EUR, GBP, SEK,NOK and CZK. If these currencies (apart from DKK and EUR) had been 10% down at 31 December, profit before tax would have been affected by DKK -4.4m (2015 DKK -4.1m). The total effect on equity would be a bit less depending on local tax rules and tax rates. An increase of currencies would have had a similar positive effect on profit before tax and equity.

Translation risks relating to net investments in subsidiaries

The Group income statement and equity are affected by changes in the exchange rates as the closing results of the foreign Group enterprises are translated into Danish kroner at the presentation of the financial statements.

Hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to net assets in foreign subsidiaries are accounted directly in equity.

With regard to investments in foreign enterprises, Group equity at 31 December 2016 would have been reduced by DKK 51.8m(2015 DKK 56.6m) if the CZK, PLN, GBP, SEK and NOK exchange rates had been 10% down on the actual exchange rates. Other currency risks arising from investments in foreign entities are immaterial.

The translation effect from converting the P&L and balance figures into the reporting currency has in 2016 been affected by the Brexit and the following decrease in GBP. Compared to the average GBP rate from 2015, the rate in 2016 has been approx. 12% lower as an average for the year and the end rate for 2016 is 14 % lower than end 2015.

Forward contracts regarding future transactions

The Group uses forward exchange contracts to hedge currency risks regarding expected future cash flows that meet the criteria for cash flow hedging. The fair value reserve of derivatives is recognised in other comprehensive income until the hedged items are included in the income statement. In addition, unrealised fair value of derivatives is recognised in other receivables and other liabilities.

Interest rate risk

Owing to the Group's investment and financing activities the Group has exposure to interest rate changes in both Denmark and abroad. The primary interest-rate exposure is related to fluctuations in CIBOR.

Interest rate risks concern the interest-bearing financial assets and liabilities of the Group. The interest-bearing financial assets consist primarily of credit balance in cash pool and cash. The interest-bearing liabilities consist of cash pool liabilities and a revolving credit facility in the Group's main bank Nordea. In addition to this, a bond has been issued for the Group by Kapitalforeningen Danske Invest Institutional, Danica Pension.

The Group's net interest-bearing debt (NIBD) at 31 December 2016 came in at DKK 575.4m (2015 DKK 551.1m), 100% (2015 86%) thereof financed by floating rate loans.

An interest rate swap has been entered into for 40% (2015 53%) of the NIBD financed by floating rate loans , meaning the interest rate is changed to a fixed rate until maturity of the underlying term loan in 2021. At 31 December 2016, the fair value of the Group's interest rate swap amounted to DKK -3.1m (2015 DKK -2.4m).

With regard to the Group's remaining floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal , have had an adverse hypothetical impact on the profit before tax of DKK 6.7m (2015 DKK 2.3m) and on equity of DKK 5.3m (2015 DKK 1.7m). A declining interest level would have had a corresponding positive impact on result and equity.

The sensitive stated is based on financial assets and liabilities end of the year, as this is the first financial year of the Group

Raw material price risks

The Group uses a number of raw materials in the manufacture of the Group's products, which expose the Group to a price risk, i.e.. especially gas and electricity. The Group enters into annual fixed price contracts for some raw materials.

Liquidity risks

The purpose of the Group's cash management is to ensure that the Group at all times has sufficient and flexible financial resources at its disposal and is able to honour its obligations when due.

The Group manages its short term liquidity through a cash pool system in various currencies.

At Group level, there are on-going assessments and management of liquidity risk by maintaining adequate cash reserves/loan facilities based on follow-up on and forecast of cash flow.

The guaranteed bank facilities/issued bond persists until 2021 - the bank facility phasing out during the period from 2017-2021. The weighted average maturity is 3.2 years (2015 3.6 years). The loan agreements include standard clauses such as pari passu, negative pledge, change of control and four financial covenants.

The Group's liquidity reserve consists of non-tied-up cash and undrawn credit facilities. The credit facilities consist of committed overdraft facility. At the balance sheet date, the Group had at its disposal undrawn loan facilities and cash of DKK 106m (2015 DKK 113m). The management is of the opinion that the Group has sufficient liquidity at its disposal to carry through planned investments and operating activities after the refinancing of the Group's external debt package (see management commentary).

Credit risks

The Group’s credit risk arise primarily from receivables related to customers and other receivables. As a consequence of the Group’s credit risk policy, credit rating of all major customers and other trading partners is performed before contract formation and hereafter continuously. Management of the credit risk is based on both internal and external credit ratings as well as the Group’s experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. bank guarantee, will be required. Credit insurances are taken out on some customers.

As part of the Group’s risk management, the credit exposure of customers and counterparties is monitored daily, weekly or monthly based on individual assessments.

Financial counterparty risk

The use of financial instruments entails the risk that the counterparty may not be able to honour its obligations. The Group minimises this risk by limiting its use of financial counterpart to those with an acceptable credit rating. Financing of the Group is established through firmly based Danish financial institutions.

Financial credit risk

The Group's financial assets are mainly managed by Group Finance.

Commercial credit risk

The credit risk incurred from trade receivables is generally managed by continuous credit evaluation of major customers and trading partners. Credit risks on counterparties other than banks are minimised through credit insurances.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Group.

Primary markets for the Group are Denmark and United Kingdom counting for more than 50% (2015 50%) of total sales. Receivables in Denmark (23% (2015 38%) of total trade receivables) are attributable to Danish customers who primarily are chains which can be characterised as medium-sized and major customers. The Group is familiar with the Danish customers and experience shows a low risk .

Group trade receivables at 31 December 2016 include receivables of DKK 214.5m (2015 DKK 214.2m), which, based on an individual assessment, have been written down to DKK 210.6m (2015 DKK 209.0m). When calculating individual write-downs the collaterals received have been taken into account.

Receivables overdue at 31 December are specified in note 18.

Capital management

Group capital management is assessed and adjusted in close co-operation with the owners of the Group. It is the Group's policy that the capital structure and financial gearing of the Group shall at all times reflect the Group's activities and risk profile and provide room for investments based on the Group strategy.

25. Financial instruments

Accounting policy

Derivatives

Derivatives are initially recognized in the balance sheet at cost and subsequently measured according to fair value at the balance sheet date. Positive fair values are only offset against negative fair values if the enterprise is entitled to and intends to make a net settlement of several financial instruments (cash settlement). The fair values of derivatives are measured on the basis of market data and recognized valuation methods.

Changes in the fair value of derivatives that are classified as and fulfil the criteria for hedging of future cash flow (cash flow hedge) are recognized directly in the equity until the hedged item is realized. When the item is realized the changes in value are recognized in the same accounting entry as the hedged item.

Derivatives that do not fulfil the criteria for hedge accounting are regarded as trading portfolio and recognized in the balance sheet at fair value on the balance sheet date. Value adjustments are recognized in the income statement as financial items.

Fair value of hedge instruments not qualifying for hedge accounting (economic hedge)

Neither at 31 December 2016 or 31 December 2015, the Group did not have any hedge agreements that are not recognised as hedge accounting.

Hedging of forecast transactions (cash flow hedge)

The Group uses forward exchange contracts to hedge currency risks regarding expected future cash flows that meet the criteria for cash flow hedging. The fair value reserve of the derivatives is recognised in other comprehensive income until the hedged items are included in the income statement. In addition, unrealised fair value of derivatives is recognised in other receivables and other liabilities.

	2016 DKK (000)	2015 DKK (000)
Cash flow hedge reserve recognised in other comprehensive income	(396)	4.863
Reclassified from other comprehensive income into income statement	6.966	(2.618)
Inefficiency reflected in the income statement	0	0

At 31 December 2016 the fair value of the Group's cash flow hedge instruments amounted to DKK -5.6 m (2015 DKK 0.2m). The forward contracts fall due from January-December 2017.

Interest rate swap

At 31 December 2016 the market value of the Group's interest rate swap is DKK -3.1m (2015 DKK -2.4m). Loss recognised in the hedging reserve in equity on interest rate swap contract as of 31 December 2016 will be continuously released to the income statement within finance cost until the repayment of the bank loan.

26. Fair value hierarchy of financial instruments

The table below shows the classification of financial instruments that are measured at fair value, specified in accordance with the fair value hierarchy:

- Quoted prices in an active market for the same type of instrument (level 1)
- Quoted prices in an active market for similar assets or liabilities or other valuation methods, where all significant inputs are based on observable market data (level 2)
- Valuation methods where any significant inputs are not based on observable data (level 3)

	2016			
	Quoted prices Level 1	Observable input Level 2	Non-observable input Level 3	Total
Financial assets				
Financial assets measured at fair value via other comprehensive income:				
Derivative financial instruments used to hedge future cash flow	0	3.645	0	3.645
Total financial assets	**0**	**3.645**	**0**	**3.645**
Financial liabilities				
Financial liabilities measured at fair value via other comprehensive income:				
Derivative financial instruments used to hedge future cash flow	0	12.384	0	12.384
Financial obligations measured at amortised cost	0	0	902.353	902.353
Total financial liabilities	**0**	**12.384**	**902.353**	**914.737**

There have been no significant transfers between level 1 and level 2 in 2016.

	2015			
	Quoted prices Level 1	Observable input Level 2	Non-observable input Level 3	Total
Financial assets				
Financial assets measured at fair value via other comprehensive income:				
Derivative financial instruments used to hedge future cash flow	0	432	0	432
Total financial assets	**0**	**432**	**0**	**432**
Financial liabilities				
Financial liabilities measured at fair value via other comprehensive income:				
Derivative financial instruments used to hedge future cash flow	0	2.677	0	2.677
Financial obligations measured at amortised cost	0	0	716.842	716.842
Total financial liabilities	**0**	**2.677**	**716.842**	**719.519**

There have been no significant transfers between level 1 and level 2 in 2015.

27. Categories of financial instruments

The carrying amount of financial instruments for each category is specified in the table below:

	2016 DKK (000)	2015 DKK (000)
Financial assets used as hedging instruments	3.645	432
Receivables, cash and cash equivalents	549.947	376.980
Financial obligations used as hedging instrument	12.384	2.677
Financial obligations measured at amortised cost	1.136.767	917.297

The fair value of financial assets and financial liabilities measured at amortised cost is approximately equal to the carrying amount.

28. Other provisions

Accounting policy
Provisions are recognized when the Group due to an event occurring before or at the balance sheet date has a legal or constructive obligation and it is probable that financial benefits must be waived to settle the obligation. Provisions are measured according to Management's best estimate of the amount whereby the obligation is expected to be settled.

Provisions for warranty claims are estimated on project-by-project basis based on historical realized cost related to claims in the past. The provision covers estimated own costs of completion, subsequent warranty supplies and unsettled claims from customers or subcontractors.

Provisions regarding disputes and lawsuits are based on management assessment of the likely outcome settling of the cases based on the information on hand at the end of the year.

Provisions for restructuring costs are provided for as Other provisions based on management's best estimate. Provision is only made for liabilities deriving from restructuring that has been decided at the balance sheet date in accordance with a specific plan and provided the parties involved have been informed about the overall plan.

Provisions consist of:

- Estimated warranty claims in respect of goods or services already delivered
- Restructuring
- Guarantees and liabilities resulting from disposal of enterprises and activities (included in Other)
- Provisions for losses resulting from disputes and lawsuits (included in Other)

	2016 DKK (000)		
	Warranties	**Other**	**Total**
Provisions at 1 January 2016	88.657	17.379	106.036
Exchange rate and other adjustments	(648)	(679)	(1.327)
Provision for the year	12.038	11.423	23.461
Used during the year	(33.634)	(3.087)	(36.721)
Reversals	(8.632)	(186)	(8.818)
Provisions at 31 December 2016	**57.781**	**24.850**	**82.631**
The maturity of provisions is specified as follows:			
Short-term liabilities			27.505
Long-term liabilities			55.126
			82.631

	2015 DKK (000)		
	Warranties	**Other**	**Total**
Provisions at 30 December 2014	0	0	0
Exchange rate and other adjustments	1.691	(10.776)	(9.085)
Acquisition of Group enterprises	128.234	33.158	161.392
Provision for the year	29.858	696	30.554
Used during the year	(32.920)	(4.694)	(37.614)
Reversals	(38.206)	(1.005)	(39.211)
Provisions at 31 December 2015	**88.657**	**17.379**	**106.036**
The maturity of provisions is specified as follows:			
Short-term liabilities			24.570
Long-term liabilities			81.466
			106.036

The year's movements (both 2015 and 2016) mainly consist of changes in warranty liabilities and other contract risks. To facilitate the process of ongoing claims, the Group does not disclose project/claim-specific information.

29. Long-term liabilities

The table below shows long-term liabilities divided into liabilities within one to five years and liabilities where time to maturity is more than five years.

	2016 DKK (000)	2015 DKK (000)
Maturity structure of long-term liabilities:		
Deferred tax liability	69.476	69.668
Other provisions	32.889	58.696
Pension liabilities	295	738
Bank loans	507.512	177.956
Financial instruments	0	2.429
Finance Lease	989	1.545
Other liabilities	1.820	88
Within one to five years	**612.981**	**311.120**
Deferred tax liability	0	0
Other provisions	22.237	22.770
Pension liabilities	0	1.086
Bank loans	0	262.430
Finance Lease	0	0
Other liabilities	0	308
After five years	**22.237**	**286.594**
	635.218	**597.714**

Other liabilities

Other long-term liabilities consist of employee liabilities such as length of service liabilities and bonuses.

30. Other liabilities

Other short-term liabilities include due holiday pay, public taxes, bonuses etc.

31. Contractual liabilities and contingent liabilities

Contractual liabilities and contingent liabilities	2016 DKK (000)	2015 DKK (000)
The Group leases properties and operating equipment under operating leases. These leases contain no special purchase rights, etc.		
Minimum rent and operating lease commitments:		
Maturity within one year	23.229	19.528
Maturity between one and five years	32.800	26.914
Maturity after five years	353	1.656
	56.382	**48.098**
Guarantees	174	204
	174	**204**
Operating lease expenses recognised in the income statement	31.323	25.270

Guarantees relate i.e. to guarantees given to suppliers of goods and services.

At 31 December 2016, the Group has contractual obligations, including acquisition of raw materials etc. of DKK 3.6m (2015: DKK 3.1m.)

Furthermore, the Group is from time to time involved in disputes that are normal for its business. The outcome of the disputes is not expected to have significant impact on the Group's financial position.

The Group’s Danish enterprises are jointly and severally liable for Danish taxes at source and income taxes.

Equity

Accounting policy

Dividend

Dividend is allocated in the financial statements at the time when it is decided at the Annual General Meeting, the company thereby having incurred a liability. The dividend, which is proposed for distribution, is stated separately in the equity.

Foreign exchange adjustments

Reserve for foreign exchange adjustments comprises exchange rate differences arising during the translation of the financial statements for entities with a functional currency other than Danish kroner, foreign exchange adjustments regarding assets and liabilities which account for a portion of the Group’s net investment in such entities, and foreign exchange adjustments regarding hedging transactions which hedge the Group’s net investment in such entities. On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement in the same item as the gain/loss.

Value adjustments regarding hedging transactions

Fair value adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised.

32. Share capital

Share capital	Nominal value 2016 DKK (000)	Nominal value 2015 DKK (000)
1 January	41.722	0
Capital increase during the year	39	41.722
31 December	**41.761**	**41.722**

The Share Capital consists of 41,761,033 shares at DKK 1.

Dividend distributed to the shareholders in 2016 was DKK 0.0m (2015: DKK 0.0m).

Other notes

33. Charged assets

At the end of December 2016 shares in some of the subsidiaries in the Group have been put up as collateral for the bank loan. Book value of the equity 31 December 2016 in these subsidiaries was 922m (2015 DKK 975m).

At the end of December 2015, shares in Cembrit Holding A/S had been put up as collateral for the remaining purchase price to FLSmidth & Co A/S or acquisition of Cembrit. The payment was executed in January 2016. Book value of the equity 31 December 2015 was DKK 325m.

34. Fee to parent company auditors appointed at the Annual General Meeting including network auditors

In addition to statutory auditing, the Group auditors appointed at the Annual General Meeting, provides audit opinions and other consultancy services to the Group.

	2016 DKK (000)	2015 DKK (000)
Statutory audit	1.774	1.601
Other assurance engagements	54	0
Tax and VAT consultancy	250	101
Other services	639	691
	2.717	**2.393**

35. Related parties transactions

Related parties with significant influence consist of the Group's Board of Directors and Executive Management plus close relatives of these persons. Related parties also include companies on which these persons exert considerable influence.

Remunerations to the Board of Directors and the Management are presented in Note 3.

No losses on loans or receivables from related parties were recognised, nor provisions made for such in 2016.

All terms were made on terms equivalent to arm's length principles.

36. Events occurring after the balance sheet date

Cembrit has refinanced the Groups external debt package to secure the needed funding – both short and long term – to realize the strategy plan approved by the Board of directors. The refinancing has been done through a bond issue. The senior and junior debt has been repaid – only the Groups revolvers are still in place.

No other events have occurred after the balance sheet date.

37. Shareholders

The following shareholders have reported a participating interest that exceeds 5 % of the share capital:

- Xilos Dakota Separate Limited Partnership
- Xilos Co-Investment No. 1 Separate Limited Partnership

38. Accounting policies

This note sets out the Group´s accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one financial statement item, the policy is described in the note to which it relates.

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports in the executive order on the application of IFRS issued by the Danish Commerce and Companies Agency with reference to the Danish Financial Statements Act for reporting class C large.

The comparative figures for 2015 only include 11 months of activity.

The Annual Report is presented in Danish kroner (DKK) which is the presentation currency of the activities of the Group and the functional currency of the parent company.

Implementation of new and changed standards and interpretations

The Annual Report for 2016 is presented in conformity with the new and revised standards (IFRS/IAS) and new interpretations (IFRIC) approved by the EU, which apply to financial years beginning on 1 January 2016 or later. The implementation of new and revised standards and interpretations has not had material impact on the financial reporting for 2016.

General principles for recognition and measurement

Assets are recognized in the balance sheet when it is likely that future economic benefits will accrue to the Group and the value of the asset can be measured reliably. Liabilities are recognized in the balance sheet when it is likely that future economic benefits will depart from the Group and the value of the liability can be measured reliably. In case of initial recognition, assets and liabilities are measured at cost. Subsequent measurements are based on value adjustments as described below and in the notes.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Cembrit Group A/S and all enterprises in which the Group holds the majority of the voting rights or in which the Group in some other way holds control. The consolidated financial statements are based on the financial statements of the parent company and the individual subsidiaries which are recognized in accordance with the Group accounting policies. All items of a uniform nature are added together, while intercompany income, costs, balances and shareholdings are eliminated. Unrealized gains and losses on transactions between consolidated enterprises are also eliminated.

The items in the financial statements of subsidiaries are included one hundred per cent in the consolidated financial statements. There are no minority interests.

Translation of foreign currency

The functional currency is determined for each of the reporting enterprises. The functional currency is the currency primarily used by the individual reporting enterprises in connection with day-to-day operations. Transactions in another currency than the functional currency are transactions in foreign currency.

Transactions in another currency than Cembrit Group A/S' functional currency are translated at the exchange rate of the day of transaction. Financial assets and liabilities in foreign currency are translated at the exchange rates prevailing at the balance sheet date. Any foreign exchange differences between the rates prevailing at the date of the transaction and the payment date or the balance sheet date, as the case may be, are recognized in the income statement as financial items.

Non-monetary assets and liabilities in foreign currency are recognized at the rate of exchange prevailing at the date of the transaction. Non-monetary items that are measured at fair value (shares) are translated at the exchange rate prevailing at the date of the latest fair value adjustment.

The income statements of foreign subsidiaries with a functional currency that differs from Danish kroner are translated at average exchange rates while their balance sheet items are translated at the exchange rates quoted at the balance sheet date. The differences deriving from the translation of the income statements of foreign business units at average exchange rates and of their balance sheet items at the rate of exchange at the balance sheet date are adjusted in the equity.

The foreign exchange adjustment of receivables from or debt to subsidiaries that are considered part of the parent company’s total investment in the subsidiary concerned, is recognized in the statement of comprehensive income in the consolidated financial statements.

The adjusted financial statements are translated at the exchange rate quoted on the balance sheet date.

Group financial highlights
Financial highlights and key ratios are defined and calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2015".

EBITDA (Earnings before depreciation, amortization and impairment) is defined as the operating income (EBIT) with addition of the year's amortization, depreciation and impairment of intangible and tangible assets

The working capital cannot be directly derived from the published balance sheet figures. The principal items included in the calculation of working capital are: Inventories, Trade receivables, Other receivables (exclusive of interest-bearing items), repayments from customers, Trade payables, and Other liabilities (exclusive of interest-bearing items).

39. New standards, amendments and interpretations not yet effective

Implementation of new standards, amendments and interpretations
Cembrit Group A/S has implemented the following amendments or new standards (IFRS) for financial year 2016:

- AS 16/IAS 38: Methods of depreciation/amortisation based on revenue can no longer be used
- IAS 27: Parent companies may use the equity method when recognising investments in subsidiaries, associates and joint ventures
- IAS 1: Amendments to IAS 1 to improve IFRS disclosure requirements. The amendments concern materiality, presentation, disaggregation and subtotals in the income statement and balance sheet as well as the order of notes

Cembrit Group A/S has assessed the effect of the new standards, amendments and interpretations. Cembrit Group A/S has concluded that all standards, amendments and interpretations effective for financial years beginning on or after 1 January 2016 are either not relevant to the Cembrit Group or have no significant effect on the Financial Statements of the Cembrit Group.

New standards, amendments and interpretations adopted but not yet effective
The following new standards, amendments and interpretations of relevance to the Cembrit Group have been adopted by the IASB and adopted by the EU. The standards are not yet effective and will therefore not be implemented in the Annual Reports until they take effect.

- IFRS 15: "Revenue from Contracts with Customers" New standard on revenue recognition. The standard may potentially affect revenue recognition in a number of areas depending on the industry in which the entity operates, including:
    - The timing of revenue recognition
    - Recognition of variable consideration
    - Allocation of revenue from multi-element arrangements
    - Recognition of revenue from license rights
    - Up-front fees
    - Additional disclosure requirements

The standard will be effective for financial years beginning on or after 1 January 2018.

- IFRS 9: "Financial Instruments" - on the measurement and classification of financial assets and liabilities. The number of classification categories for financial assets is reduced to three: amortised cost, fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI). Entities taking the fair value option are required under IFRS 9 to present the share of the fair value change for the period which is attributable to changes in the entity's own credit risk in other comprehensive income. Further, the impairment model for financial assets is changed to a model based on expected credit losses under which changes to the credit risk imply changes to the provision for bad debts. The hedge accounting rules are relaxed so as to be aligned with the entity's risk management practices. The standard will be effective for financial years beginning on or after 1 January 2018

The IASB has issued the following new standards, amendments and new interpretations which could be relevant to Cembrit Group A/S, but which have not yet been adopted by the EU:

- IFRS 16: "Leases". New standard on the accounting treatment of leases. Going forward, the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet. The standard will be effective for financial years beginning on or after 1 January 2019

Cembrit Group A/S is in the process of assessing the effect of the standards. The implementation of IFRS 15 "Revenue from Contracts with Customers" is not expected to have material impact on the consolidated financial statements. The implementation of IFRS 16 "Leases" cannot be determined at this time.

40. Financial ratios

Gross margin:	Gross profit / Revenue
EBITDA margin:	Earnings before non-recurring items depreciation, amortisation and impairment (EBITDA) / Revenue
EBITA margin:	Earnings before amortisation and impairment of intangible assets (EBITA) / Revenue
EBIT margin:	Earnings before interest and tax (EBIT) / Revenue
EBT margin:	Earnings before tax (EBT) / Revenue
Return on equity	Profit / Average shareholders' equity
Equity ratio	Shareholders' equity / Total assets
Net working capital ratio	Net working capital / Revenue
ROCE	NOPAT / Average invested capital
NOPAT (Net Operating Profit After Tax)	Earnings before interest and tax (EBIT) excl. special non-recurring items x (1 - effective tax rate)
Invested capital	Fixed assets excl. goodwill added to current assets subtracted by current liabilities and cash and cash equivalent
Net working Capital	Current non-interest-bearing assets less current non-interest-bearing liabilities and excl. tax
Net interest-bearing debt (NIBD)	Interest-bearing liabilities less interest-bearing assets

41. List of Group companies

Company name	Country	Direct Group holding (pct.)
Cembrit Group A/S	Denmark	100%
Cembrit Holding A/S	Denmark	100%
Cembrit A/S	Denmark	100%
Cembrit as	Norway	100%
Cembrit a.s.	Czech Republic	100%
Cembrit Kft.	Hungary	100%
Cembrit Ltd.	United Kingdom	100%
Cembrit Production Oy	Finland	100%
Cembrit Oy	Finland	100%
Cembrit Sp. Z.o.o.	Poland	100%
Cembrit NV/SA	Belgium	100%
Cembrit Production S.A.	Poland	100%
Cembrit AB	Sweden	100%
Cembrit Ireland Ltd.	Ireland	100%
Cembrit Inc.	USA	100%
Cembrit GmbH	Germany	100%
DKCF ApS	Denmark	100%
Cembrit SAS	France	100%
LLC Cembrit	Russia	100%

Parent company - income statement

Notes		2016 DKK (000)	2015 DKK (000)
	Gross profit	**(246)**	**(2.303)**
1	Staff costs	0	0
	Operating profit / loss	**(246)**	**(2.303)**
2	Financial income	50.031	36.645
3	Financial costs	(34.357)	(23.107)
	Profit / loss before tax	**15.428**	**11.235**
	Tax for the year	(3.402)	(3.146)
	Profit/loss for the year	**12.026**	**8.089**
	Proposed distribution of profit / loss:		
	Cembrit Group A/S shareholders' share of profit/loss for the year	12.026	8.089
		12.026	**8.089**

Parent company – balance sheet

ASSETS

Notes		2016 DKK (000)	2015 DKK (000)
4	Investment in subsidiaries	582.596	582.596
	Financial receivable, subsidiaries	533.789	524.799
	Deferred tax	239	0
	Financial assets	**1.116.624**	**1.107.395**
	Total non-current assets	**1.116.624**	**1.107.395**
	Cash and cash equivalents	**1.724**	**1.496**
	Total current assets	**1.724**	**1.496**
	TOTAL ASSETS	**1.118.348**	**1.108.891**

EQUITY AND LIABILITIES

Notes		2016 DKK (000)	2015 DKK (000)
	Share capital	41.761	41.722
	Other undistributable reserves	2.418	2.367
	Retained earnings	680.916	668.680
5	**Total equity**	**725.095**	**712.769**
6	Borrowings	361.212	250.000
	Long-term liabilities	**361.212**	**250.000**
6	Borrowings	9.125	75.000
	Payables to subsidiaries	0	55.230
	Trade payables	0	412
	Current tax liabilities	3.641	3.146
	Other liabilities	19.275	12.334
	Short-term liabilities	**32.041**	**146.122**
	Total liabilities	**393.253**	**396.122**
	TOTAL EQUITY AND LIABILITIES	**1.118.348**	**1.108.891**
7	**Contingent liabilities**		
8	**Ownership**		

Statement of changes in equity 2016

	Share capital	Other undi-stributable reserves	Retained earnings	Total
Equity at 1 January 2016	**41.722**	**2.367**	**668.680**	**712.769**
Capital increase	39		625	**664**
Acquisition treasury shares			(415)	**(415)**
Share-based payment, share options		51		**51**
Profit/loss for the year			12.026	**12.026**
Equity at 31 December 2016	**41.761**	**2.418**	**680.916**	**725.095**

Statement of changes in equity 2015

	Share capital	Other undi-stributable reserves	Retained earnings	Total
Equity at 30 December 2014	**50**	**0**	**0**	**50**
Capital increase	41.672	0	660.591	**702.263**
Share-based payment, share options		2.367		**2.367**
Transfer, see distribution of profit / loss			8.089	**8.089**
Equity at 31 December 2015	**41.722**	**2.367**	**668.680**	**712.769**

Costs related to establishment of the company and completion of capital increase amounts to DKK 0.3m

1 **Staff costs**

Cembrit Group established in 2015 a management incentive programme for a part of the group management team. This is still ongoing.

2 **Financial income**

	2016 DKK (000)	2015 DKK (000)
Interest income from subsidiaries	50.031	36.645
	50.031	**36.645**

3 **Financial expenses**

	2016 DKK (000)	2015 DKK (000)
Interest payable, related parties	0	3.849
Interest payable on borrowings	32.985	12.188
Interest payable, other	1.372	7.070
	34.357	**23.107**

4 **Investments in subsidiaries**

Name and registered office	Country	Direct Group holding (pct.)
Cembrit Holding A/S	Denmark	100%
Cembrit Holding A/S owns shares in:		
Cembrit A/S	Denmark	100%
Cembrit as	Norway	100%
Cembrit a.s.	Czech Republic	100%
Cembrit Kft.	Hungary	100%
Cembrit Ltd.	United Kingdom	100%
Cembrit Production Oy	Finland	100%
Cembrit Oy	Finland	100%
Cembrit Sp. Z.o.o.	Poland	100%
Cembrit NV/SA	Belgium	100%
Cembrit Production S.A.	Poland	100%
Cembrit AB	Sweden	100%
Cembrit Ireland Ltd.	Ireland	100%
Cembrit Inc.	USA	100%
Cembrit GmbH	Germany	100%
Cembrit BV	Netherlands	100%
DKCF ApS	Denmark	100%
Cembrit SAS	France	100%
LLC Cembrit	Russia	100%

5 **Equity**

The Share Capital consists of 41,761,033 shares at DKK 1.

6 Borrowings

The maturity profile of financial liabilities specified by time to maturity is specified as follows:

	2016 DKK (000)	2015 DKK (000)
Within one year	9.125	75.000
Between one and five years	361.212	0
After five years	0	250.000
Total	**370.337**	**325.000**

7 Contractual liabilities and contingent liabilities

At the end of December 2016 shares in some of the subsidiaries in the Group have been put up as collateral for the bank loan. Book value of the equity 31 December 2016 in these subsidiaries was 922m (2015 DKK 975m)
.
At the end of December 2015, shares in Cembrit Holding A/S had been put up as collateral for the remaining purchase price to FLSmidth for acquisition of Cembrit. The payment was executed in January 2016. Book value of the equity 31 December 2015 was DKK 325m

The Company is the administration company for Danish joint taxation. According to the Danish corporate tax rules, the Company is liable for the obligation to withhold taxes on interest, royalty and dividend for all companies in the Danish joint taxation.

8 Ownership

The following shareholders have reported a participating interest that exceeds 5% of the share capital:

- Xilos Dakota Separate Limited Partnership
- Xilos Co-Investment No. 1 Separate Limited Partnership

9 Accounting policies

The annual report of Cembrit Group A/S for 1 January 2016 – 31 December 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises.

Recognition and measurement
Assets are recognised in the balance sheet if it is probable that future financial benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is made as described below for each financial statement item.

Profits, losses and risks that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, including recognition of value adjustments of financial assets and liabilities that are measured at fair value. Furthermore, costs incurred to generate earnings for the year are recognised in the income statement, including depreciation/amortisation, impairment losses and provisions as well as reversal of entries as a result of changed accounting estimates of amounts formerly recognised in the income statement.

Foreign currency translation
Foreign currency transactions are translated applying the exchange rate on the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit/loss
The gross profit/loss contains other external expenses.

Other external expenses
Other external expenses include expenses relating to the Company's ordinary activities, including administrative expenses, etc.

Staff costs
There is no staff costs in the Company. The Company established in 2015 a management incentive programme for a part of the Group management team.This is ongoing in 2016.

Financial income
Financial income comprises interest income from receivables from group enterprise.

Financial expenses
Financial expenses comprise interest expenses, including interest expenses relating to payables to related parties, interest on borrowings and other interest expenses.

Tax on profit/loss
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

In 2016 the Company and its Danish subsidiaries are jointly taxed with the other Danish group enterprises. The share of the joint taxation income/expense is fully allocated according to the current rules governing joint taxation.

Balance sheet total

Investments in subsidiaries
Investments in subsidiaries are recognized and measured at cost price.

Upon distribution of dividend the income is included in profit and loss.

Financial receivables
Financial receivables are measured at amortised cost, usually equalling nominal value less impairments.

Cash
Cash comprises cash at bank.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax base of assets and liabilities, for which the tax base of assets is calculated based on the planned use of each asset. Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Equity - dividend
Dividend is recognised as a liability at the time of adoption at the annual general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually equals nominal value.