

Cembrit A/S

Sohngårdsholmsvej 2, 9000 Aalborg

CVR no. 58 71 17 13

Annual report 2018

Approved at the Company's annual general meeting on 12 June 2019

Chairman:



Karsten Riis Andersen

Contents

| | |
|---|----|
| Statement by the Board of Directors and the Executive Board | 2 |
| Independent auditor's report | 3 |
| Management's review | 5 |
| Financial statements 1 January - 31 December | 8 |
| Income statement | 8 |
| Balance sheet | 9 |
| Statement of changes in equity | 11 |
| Notes to the financial statements | 12 |

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Cembrit A/S for the financial year 1 January - 31 December 2018.

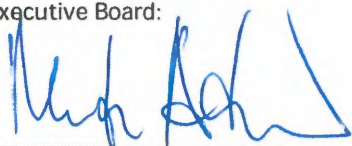
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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

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

Aalborg, 12 June 2019
Executive Board:



Morten Rosager Andersen

Board of Directors:



Jørn Mørkeberg Nielsen
Chairman



Karsten Riis Andersen



Torben Axelsen

Michael Bjerring

Maj-Britt Møller

Independent auditor's report

To the shareholders of Cembrif A/S

Opinion

We have audited the financial statements of Cembrif A/S for the financial year 1 January - 31 December 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

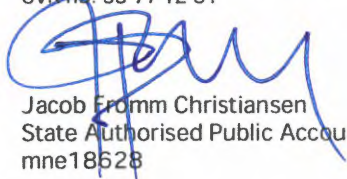
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

, 31 May 2019

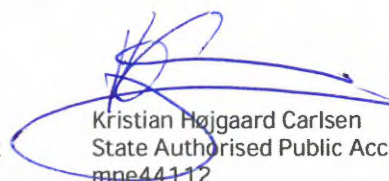
PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab CBR

CVR no. 33 77 12 31



Jacob Fromm Christiansen
State Authorised Public Accountant
mne18628



Kristian Højgaard Carlsen
State Authorised Public Accountant
mne44112

Management's review

Company details

| | |
|----------------------------|-----------------------------------|
| Name | Cembrit A/S |
| Address, Postal code, City | Sohngårdsholmsvej 2, 9000 Aalborg |
| CVR no. | 58 71 17 13 |
| Established | 28 January 1969 |
| Registered office | Aalborg |
| Financial year | 1 January - 31 December |

| | |
|--------------------|---|
| Board of Directors | Jørn Mørkeberg Nielsen, Chairman Karsten Riis Andersen Torben Axelsen Michael Bjerring Maj-Britt Møller |
|--------------------|---|

| | |
|-----------------|-------------------------|
| Executive Board | Morten Rosager Andersen |
|-----------------|-------------------------|

| | |
|----------|---|
| Auditors | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab CBR Strandvej 44, 2900 Hellerup |
|----------|---|

Financial highlights

| DKK'000 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------|---------|---------|---------|---------|
| Key figures | | | | | |
| Revenue | 484,875 | 496,489 | 546,954 | 544,697 | 561,253 |
| Gross margin | 45,728 | 57,964 | 107,131 | 101,025 | 68,919 |
| Ordinary operating profit/loss | 11,466 | 17,640 | 39,632 | 41,893 | 8,152 |
| Net financials | 96 | -695 | -456 | -757 | -427 |
| Profit before tax | 11,595 | 17,389 | 39,176 | 41,136 | 7,725 |
| Profit/loss for the year | 9,002 | 13,548 | 30,512 | 30,911 | 4,843 |
| Balance sheet | | | | | |
| Total assets | 231,190 | 234,872 | 237,418 | 211,638 | 242,291 |
| Investment in property, plant and equipment | 210 | 606 | 0 | 0 | 0 |
| Equity | 56,486 | 61,032 | 72,975 | 79,262 | 65,034 |
| Financial ratios | | | | | |
| Gross margin | 9.4% | 11.7% | 19.6% | 18.5% | 12.3% |
| Return on assets | 4.9% | 7.5% | 17.7% | 18.5% | 3.4% |
| Equity ratio | 24.4% | 26.0% | 30.7% | 37.5% | 26.8% |
| Return on equity | 15.3% | 20.2% | 40.1% | 42.8% | 7.4% |
| Average number of employees | 32 | 31 | 47 | 49 | 48 |

The financial ratios stated in the survey of financial highlights have been calculated as follows:

| | |
|--------------------|--|
| Gross margin ratio | $\frac{\text{Gross margin} \times 100}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$ |
| Equity ratio | $\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$ |
| Return on equity | $\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$ |

Management's review

Business review

The main activity of Cembrit A/S is sales of fibre cement products to the Danish market as well as supply of know-how and technical support services on fibre cement building materials. The Company is a market leader in sales of fibre cement products in Denmark. The main product lines are corrugated sheets and slates used primarily as roofing and flat sheets for interior and exterior cladding of facades, walls and ceilings.

Financial review

The income statement of the Company for 2018 shows a profit of DKKm 9,0 (2017: DKKm 13,5) and at 31 December 2018 the balance sheet of the Company shows equity of DKKm 56,5 (2017: DKKm 61,0).

The result for 2018 is in line with the expectation stated in the 2017 Annual Report.

Knowledge resources

The Company is characterized by a dynamic environment, which places great demands on the company when it comes to attracting and retaining skilled and innovative employees.

Special risks

Risk will always play an important part in our business, and we maintain focus on the identification, mitigation and management of risks in our day-today work.

Continuing being a leading supplier of fibre cement products is the key risk. Furthermore, is Cembrit's business cyclical by nature. When the level of activity in the industry is high, as is currently the case, the primary focus is on new building rather than renovation. However, the expectation is that the renovation business will partly compensate for any decline in the construction industry in the event of a down-turn in the economy.

Statutory CSR report

For Cembrit, sustainability and CSR are about making the right choices to make life easier and better for our customers, colleagues, partners and other stakeholders. Behaving in a responsible manner has always been essential to Cembrit, and the CSR statement for Cembrit Group is the basis for our CSR work, together with our Code of Conduct, other policies, guidelines, tone from the top etc. Tone from the top has been and will continue to be a key element of Cembrit's CSR work to ensure ongoing adjustments and adherence to responsible behaviour. The CSR statement for Cembrit Group is based on the Global Compact's 10 principles. The company's CSR statement is included in the consolidated CSR statement of Cembrit Group A/S. The CSR statement of Cembrit Group is available on www.cembrit.com within the 'About Cembrit' and 'Finance' sections of the homepage.

Account of the gender composition of Management

Equal opportunity for all employees is important to Cembrit, and accordingly we do not differentiate based on gender, race or religion when people are employed or promoted. The industry in which Cembrit operates has an overrepresentation of men, which makes it difficult to ensure a more balanced distribution between men and women. To further ensure gender diversity in the future, Cembrit will pursue the following initiatives, with a focus on women in management:

- Cembrit will always consider diversity when hiring or appointing people at all levels, including the Executive Management and the Board of Directors. If two or more candidates for a position are equally qualified, the candidate of the underrepresented gender will be preferred.
- When recruiting candidates for board positions, Cembrit will require at least one candidate of the underrepresented gender. Currently, Cembrit A/S's Board of Directors comprises four men and one woman of which three males are general assembly elected members and one female and one male are employee elected members. The Executive Board comprises one male.

It is Cembrit's target to have at least one general meeting-elected woman on the Board of Directors by 2021. Cembrit A/S had under 50 employees in 2018, so there is no requirement to implement and report about a gender target policy for underrepresented gender in the rest of the management levels.

Management's review

Events after the balance sheet date

From the balance sheet date and until today, no events have occurred which change the evaluation of the annual report.

Outlook

The level of activity in Denmark for 2019 is expected to be at the same level as of 2018. The focus area in 2019 will primarily be continued customer focus.

Financial statements 1 January - 31 December

Income statement

| Note | DKK'000 | 2018 | 2017 |
|------|------------------------------|----------|----------|
| 2 | Revenue | 484,875 | 496,489 |
| 10 | Cost of sales | -439,147 | -438,525 |
| | Gross margin | 45,728 | 57,964 |
| 10 | Distribution costs | -24,222 | -32,374 |
| 10 | Administrative expenses | -10,040 | -7,951 |
| | Operating profit | 11,466 | 17,639 |
| | Other operating income | 33 | 445 |
| | Profit before net financials | 11,499 | 18,084 |
| 3 | Financial income | 1,717 | 1,884 |
| 4 | Financial expenses | -1,621 | -2,579 |
| | Profit before tax | 11,595 | 17,389 |
| 5 | Tax for the year | -2,593 | -3,841 |
| | Profit for the year | 9,002 | 13,548 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2018 | 2017 |
|------|--|---------|---------|
| | ASSETS | | |
| | Fixed assets | | |
| 6 | Property, plant and equipment | | |
| | Fixtures and fittings, other plant and equipment | 642 | 567 |
| | | 642 | 567 |
| | Total fixed assets | 642 | 567 |
| | Non-fixed assets | | |
| | Receivables | | |
| | Trade receivables | 39,001 | 18,640 |
| | Receivables from group enterprises | 158,816 | 185,981 |
| 8 | Deferred tax assets | 6,405 | 12,374 |
| | Other receivables | 25,971 | 17,187 |
| 7 | Prepayments | 331 | 106 |
| | | 230,524 | 234,288 |
| | Cash | 24 | 17 |
| | Total non-fixed assets | 230,548 | 234,305 |
| | TOTAL ASSETS | 231,190 | 234,872 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2018 | 2017 |
|------|--|----------------|----------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| | Share capital | 21,000 | 21,000 |
| | Retained earnings | 35,486 | 26,484 |
| | Dividend proposed | 0 | 13,548 |
| | Total equity | 56,486 | 61,032 |
| | Provisions | | |
| 9 | Other provisions | 2,766 | 5,326 |
| | Total provisions | 2,766 | 5,326 |
| | Liabilities other than provisions | | |
| | Current liabilities other than provisions | | |
| | Trade payables | 8,203 | 4,723 |
| | Payables to group enterprises | 93,013 | 98,528 |
| | Joint taxation contribution payable | 0 | 3,026 |
| | Other payables | 70,722 | 62,237 |
| | | 171,938 | 168,514 |
| | Total liabilities other than provisions | 171,938 | 168,514 |
| | TOTAL EQUITY AND LIABILITIES | 231,190 | 234,872 |

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties
- 14 Fee to the auditors appointed by the Company in general meeting

Financial statements 1 January - 31 December

Statement of changes in equity

| Note | DKK'000 | Share capital | Retained earnings | Dividend proposed | Total |
|------|---------------------------|---------------|-------------------|-------------------|---------|
| | Equity at | | | | |
| | 1 January 2018 | 21,000 | 26,484 | 13,548 | 61,032 |
| 15 | Transfer, see | | | | |
| | "Appropriation of profit" | 0 | 9,002 | 0 | 9,002 |
| | Dividend distributed | 0 | 0 | -13,548 | -13,548 |
| | Equity at | | | | |
| | 31 December 2018 | 21,000 | 35,486 | 0 | 56,486 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Cembrit A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Cembrit Group A/S.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Financial income and expenses

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

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

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

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

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

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

| DKK'000 | 2018 | 2017 |
|---|----------------|----------------|
| 2 Segment information | | |
| Breakdown of revenue by geographical segment: | | |
| Revenue, Denmark | 482,978 | 452,470 |
| Revenue, exports | 1,897 | 44,019 |
| | <u>484,875</u> | <u>496,489</u> |
| 3 Financial income | | |
| Other financial income | 1,717 | 1,884 |
| | <u>1,717</u> | <u>1,884</u> |
| 4 Financial expenses | | |
| Interest expenses, group entities | 0 | 36 |
| Other financial expenses | 1,621 | 2,543 |
| | <u>1,621</u> | <u>2,579</u> |
| 5 Tax for the year | | |
| Estimated tax charge for the year | 0 | 3,026 |
| Deferred tax adjustments in the year | 2,592 | 815 |
| Tax adjustments, prior years | 1 | 0 |
| | <u>2,593</u> | <u>3,841</u> |

6 Property, plant and equipment

| DKK'000 | Fixtures and fittings, other plant and equipment |
|--|--|
| Cost at 1 January 2018 | 2,809 |
| Additions | 210 |
| Cost at 31 December 2018 | <u>3,019</u> |
| Impairment losses and depreciation at 1 January 2018 | 2,242 |
| Depreciation | 135 |
| Impairment losses and depreciation at 31 December 2018 | <u>2,377</u> |
| Carrying amount at 31 December 2018 | <u>642</u> |

7 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, insurance policies, DKK 61 thousand, and leasing, DKK 153 thousand, and other prepayments, DKK 117 thousand.

Financial statements 1 January - 31 December

Notes to the financial statements

| DKK'000 | 2018 |
|---|---------|
| 8 Deferred tax | |
| Deferred tax at 1 January | -12,374 |
| Tangible assets | 11,039 |
| Total current and non current liabilities | 563 |
| Tax Losses | -5,633 |
| Deferred tax at 31 December | -6,405 |

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

| DKK'000 | 2018 | 2017 |
|---|--------|--------|
| 9 Other provisions | | |
| Opening balance at 1 January | 5,326 | 8,625 |
| Provisions utilised in the year | -2,554 | -3,133 |
| Unutilised provisions in the year, reversed | -6 | -166 |
| Other provisions at 31 December | 2,766 | 5,326 |

Other provisions comprise expected non-recourse guarantee commitments etc. Based on previous experience in respect of the level of repairs and returns, other provisions of t.DKK 2,766 have been recognized for expected warranty claims. These provisions are subject to uncertainty.

| DKK'000 | 2018 | 2017 |
|-----------------------------|--------|--------|
| 10 Staff costs | | |
| Wages/salaries | 17,130 | 18,681 |
| Pensions | 1,188 | 515 |
| Other social security costs | 268 | 263 |
| | 18,586 | 19,459 |

Staff costs are recognised as follows in the financial statements:

| | | |
|---------------------------------------|--------|--------|
| Production | 974 | 930 |
| Distribution | 16,622 | 17,103 |
| Administration | 990 | 1,426 |
| | 18,586 | 19,459 |
| | 2018 | 2017 |
| Average number of full-time employees | 32 | 31 |

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

The company is part of the Danish joint taxation where Cembrit Group A/S is the administrative company. Therefore, the company is jointly and severally liable within this joint taxation regarding corporation taxes and any obligation to withhold tax at source according to both the Danish Corporation Tax Act's provisions as well as the Danish Withholding Tax Act's provisions on this matter.

Financial statements 1 January - 31 December

Notes to the financial statements

Other financial obligations

Other rent and lease liabilities:

| DKK'000 | 2018 | 2017 |
|----------------------------|-------|-------|
| Rent and lease liabilities | 4,053 | 2,364 |

12 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2018.

13 Related parties

Cembrit A/S' related parties comprise the following:

Parties exercising control

| Related party | Domicile | Basis for control |
|---------------------|---------------------------------------|-------------------|
| Cembrit Holding A/S | Sohngaardsholmsvej 2, 9000 Aalborg | Parent Company |

Information about consolidated financial statements

| Parent | Domicile | Requisitioning of the parent company's consolidated financial statements |
|-------------------|---------------------------------------|--|
| Cembrit Group A/S | Sohngaardsholmsvej 2, 9000 Aalborg | www.cembrit.com |

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

14 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Cembril Group A/S.

| DKK'000 | 2018 | 2017 |
|---|-------|--------|
| 15 Appropriation of profit | | |
| Recommended appropriation of profit | 0 | 13,548 |
| Proposed dividend recognised under equity | 9,002 | 0 |
| Retained earnings | 9,002 | 13,548 |