

Annual report for 2019

Cembrit A/S

Gasværksvej 24, 1., 9000 Aalborg

CVR no. 58 71 17 13

Adopted at the annual general meeting on 3
July 2020

Karsten Riis Andersen
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Cembrit A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

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

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

Aalborg, 3 July 2020

Executive board

Morten Rosager Andersen

Supervisory board

Jørn Mørkeberg Nielsen
chairman

Karsten Riis Andersen

Torben Axelsen

Michael Bjerring
employee representative

Independent auditor's report

To the shareholders of Cembrit A/S

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Cembrit A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 Financial Statements Act.

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

Independent auditor's report

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 the 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 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report

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

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

Hellerup, 3 July 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Jacob F Christiansen
Statsautoriseret revisor
MNE no. mne18628

Kristian Højgaard Carlsen
Statsautoriseret revisor
MNE no. mne44112

Company details

Cembrit A/S
Gasværksvej 24, 1.
9000 Aalborg

CVR-no. 58 71 17 13

Financial year: 1 January - 31 December 2019

Incorporated: 28. January 1969

Domicile: Aalborg

Supervisory Board

Jørn Mørkeberg Nielsen, chairman

Karsten Riis Andersen

Torben Axelsen

Michael Bjerring, employee representative

Executive Board

Morten Rosager Andersen

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2019	2018	2017	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Revenue	502.996	484.875	496.489	546.954	544.697
Gross profit	46.650	45.728	57.964	107.131	101.025
Ordinary operating profit/loss	11.792	11.466	17.640	39.632	41.893
Net financials	-15	96	-695	-456	-757
Profit before tax	11.777	11.595	17.389	39.176	41.136
Profit/loss for the year	9.038	9.002	13.548	30.512	30.911
Balance sheet					
Balance sheet total	187.066	231.190	234.872	237.418	211.638
Number of employees	33	32	31	47	49
Equity	65.524	56.486	61.032	72.975	79.262
Investment in property, plant and equipment	0	0	606	0	0
Financial ratios					
Gross margin	9,3%	9,4%	11,7%	19,6%	18,5%
Return on assets	5,6%	4,9%	7,5%	17,7%	18,5%
Solvency ratio	35,0%	24,4%	26,0%	30,7%	37,5%
Return on equity	14,8%	15,3%	20,2%	40,1%	42,8%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

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 2019 shows a profit of DKKm 9,0 (2018: DKKm 9,0) and at 31 December 2019 the balance sheet of the Company shows equity of DKKm 65,5 (2018: DKKm 56,4). The result for 2019 is in line with the expectation stated in the 2018 Annual Report.

Outlook

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

Forward-looking statements

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

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-to-day 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.

Management's review

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 supervisory board comprises four men. It is Cembrit's target to have at least one general meeting-elected woman on the Board of Directors by 2021.

The Executive Board comprises one male. The number of women in management positions at Cembrit A/S has been maintained in 2019. The target was not achieved end 2019 due to no women running for election.

Statutory corporate social responsibility 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.

Income statement 1 January - 31 December

	Note	2019 DKK'000	2018 DKK'000
Revenue	3	502.996	484.875
Production cost		-456.346	-439.147
Gross profit		46.650	45.728
Distribution costs		-27.760	-24.222
Administrative costs		-7.098	-10.040
Operating profit/loss		11.792	11.466
Other operating income		0	33
Profit/loss before financial income and expenses		11.792	11.499
Financial income	4	1.957	1.717
Financial costs	5	-1.972	-1.621
Profit/loss before tax		11.777	11.595
Tax on profit/loss for the year	6	-2.739	-2.593
Net profit/loss for the year		9.038	9.002
Distribution of profit	7		

Balance sheet 31 December

	Note	2019 DKK'000	2018 DKK'000
Assets			
Other fixtures and fittings, tools and equipment		479	642
Tangible assets	8	479	642
Total non-current assets		479	642
Trade receivables		23.886	39.001
Receivables from subsidiaries		154.127	158.816
Other receivables		2.251	25.971
Deferred tax asset	10	6.180	6.405
Prepayments	9	130	331
Receivables		186.574	230.524
Cash at bank and in hand		13	24
Total current assets		186.587	230.548
Total assets		187.066	231.190

Balance sheet 31 December

	Note	2019 DKK'000	2018 DKK'000
Equity and liabilities			
Share capital		21.000	21.000
Retained earnings		44.524	35.486
Equity		65.524	56.486
Provisions	11	116	2.766
Total provisions		116	2.766
Other credit institutions		943	0
Trade payables		8.445	8.203
Payables to subsidiaries		80.359	93.013
Corporation tax		2.514	0
Other payables		29.165	70.722
Total current liabilities		121.426	171.938
Total liabilities		121.426	171.938
Total equity and liabilities		187.066	231.190
Liquidity	1		
Staff	12		
Events occurring after the balance sheet date	13		
Rent and lease liabilities	14		
Contingent liabilities	15		
Mortgages and collateral	16		
Related parties and ownership structure	17		
Fee to auditors appointed at the general meeting	18		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2019	21.000	35.486	56.486
Net profit/loss for the year	0	9.038	9.038
Equity at 31 December 2019	21.000	44.524	65.524

Notes

1 Liquidity

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

2 Accounting policies

The annual report of Cembrit A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in DKK'000

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.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

Notes

2 Accounting policies

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest 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

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.

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.

Notes

2 Accounting policies

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 cost

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.

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.

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.

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 depreciation.

Administrative costs

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.

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.

Notes

2 Accounting policies

Tax on profit/loss for the year

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.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	15 years
Fixtures and fittings, other plant and equipment	3-15 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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.

Notes

2 Accounting policies

Impairment of fixed assets

The carrying amount of property, plant and equipment 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 'Current assets' comprises expenses incurred concerning subsequent financial years.

Notes

2 Accounting policies

Cash

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

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 tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

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

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

Notes

2 Accounting policies

Financial highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Notes

3 Information on segments

Geographical - secondary segment

	Denmark	Exports	Total
2019			
Revenue	502.996	0	502.996
2018			
Revenue	482.978	1.897	484.875

	2019 DKK'000	2018 DKK'000
4 Financial income		
Other financial income	1.957	1.717
	1.957	1.717

5 Financial costs		
Other financial costs	1.972	1.621
	1.972	1.621

6 Tax on profit/loss for the year		
Current tax for the year	2.514	2.592
Deferred tax for the year	225	0
Adjustment of tax concerning previous years	0	1
	2.739	2.593

7 Distribution of profit		
Retained earnings	9.038	9.002
	9.038	9.002

Notes

8 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2019	3.019
Cost at 31 December 2019	3.019
Impairment losses and depreciation at 1 January 2019	2.377
Depreciation for the year	163
Impairment losses and depreciation at 31 December 2019	2.540
Carrying amount at 31 December 2019	479

9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, insurance policies and other prepayments, DKK 130 thousand.

Notes

	2019 DKK'000	2018 DKK'000
10 Provision for deferred tax		
Tangible assets	188	163
Total current and non current liabilities	733	608
Tax loss carry-forward	5.259	5.634
Transferred to deferred tax asset	6.180	6.405
	<u>0</u>	<u>0</u>
Deferred tax asset		
Calculated tax asset	6.180	6.405
Carrying amount	<u>6.180</u>	<u>6.405</u>
11 Provisions		
Balance at beginning of year at 1 January 2019	2.766	5.326
Provision in year	0	-6
Employed in year	-2.650	-2.554
Balance at 31 December 2019	<u>116</u>	<u>2.766</u>

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 116 have been recognized for expected warranty claims. These provisions are subject to uncertainty.

Notes

	2019 DKK'000	2018 DKK'000
12 Staff		
Wages and Salaries	15.690	17.130
Pensions	1.239	1.188
Other staff expenses	302	268
	17.231	18.586

Wages and Salaries, pensions and other staff expenses are recognised in the following items:

Cost of sales	1.529	974
Distribution expenses	15.054	16.622
Administrative expenses	648	990
	17.231	18.586

Average number of employees	33	32
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By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

13 Events occurring after the balance sheet date

The latest development related to COV-19 has increased the uncertainty and given the rapid day-to-day developments in many countries, we are currently unable to assess the magnitude of the impact on our financials.

Beside COV-19 as stated above no events has occurred after the balance sheet date that will have a material impact on the financial position.

Notes

	2019 DKK'000	2018 DKK'000
14 Rent and lease liabilities		
Rent and lease liabilities		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	1.733	0
Between 1 and 5 years	3.736	4.053
	<u>5.469</u>	<u>4.053</u>

15 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.

16 Mortgages and collateral

The Company has not provided any security or other collateral in assets at 31 December 2019.

17 Related parties and ownership structure

Controlling interest

Cembrit Holding A/S, Parent and Cembrit Group A/S. intermediate parent
Gasværksvej 24, 1.
9000 Aalborg

Xilos Co-Investment No. 1 Separate Limited Partnership, ultimate parent
11-15 Seaton Place, St. Helier, Jersey
JE4 0QH Channel Islands
Great Britain

Notes

17 Related parties and ownership structure (continued)

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.

Consolidated financial statements

The Company is included in the consolidated financial statements of Cembrit Group A/S

The Group report can be obtained at the following address:

Gasværksvej 24, 1.
9000 Aalborg

18 Fee to auditors appointed at the 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 Cembrit Group A/S.