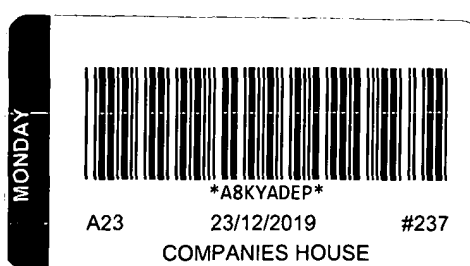


Registration number: 4611582

James Hardie Building Products Limited
Annual Report and Financial Statements
For the Year Ended 31 March 2019



James Hardie Building Products Limited

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James Hardie Building Products Limited

Company Information

| | |
|--------------------------|--|
| Directors | Lorcan Murtagh |
| Company secretary | Dentons UKMEA LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1FE |
| Registered office | One Fleet Place London EC4M 7WS |
| Bankers | Bank of America 2 King Edward Street London EC1A 1HQ |
| Auditors | Ernst & Young Harcourt Centre Harcourt Street Dublin 2 Ireland |

James Hardie Building Products Limited

Strategic Report for the Year Ended 31 March 2019

The directors present their strategic report for the year ended 31 March 2019.

Business review

Fair review of the business

The Company's profit after tax for the financial year was £534,242 (2018: £472,060) which has been transferred to reserves. No dividends were declared or paid in 2019 (2018: £nil). Turnover rose by 12% in the year. Cost of sales increased by 19%, while General and Administrative expenses decreased by 2%, resulting in a 12% increase in the profit on ordinary activities before taxation. The Company's net profit has increased year over year primarily due to strong trading during FY19.

On 3 April 2018, James Hardie Industries plc completed the acquisition of German-based XI (DL) Holdings GmbH and its subsidiaries (including, but not limited to, Fermacell GmbH) (collectively, "Fermacell"). Fermacell manufactures and sells fiber gypsum and cement-bonded building products primarily in continental Europe. Fermacell was also acquired to provide a platform to grow the fiber cement business in Europe.

The business will leverage the Fermacell sales, marketing and distribution infrastructure in the United Kingdom to focus on increasing turnover and identifying new products in the coming years. The overall goal of the Company is to increase both turnover and profit of the business while raising awareness of the James Hardie brand.

Principal risks and uncertainties

The main risks identified by the Company relate to developing the market for fiber cement products, foreign exchange volatility, pricing, trade competition and staffing. The Board is responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. In order to discharge that responsibility, the Board has established procedures to identify and manage these risks.

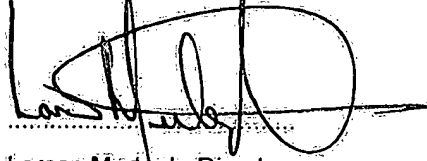
Important events since year end

During the year the Company leveraged the marketing, sales and distribution infrastructure of Fermacell to grow the business and plan new product solutions. The parent company of James Hardie Building Products Limited has determined that having a different sales and distribution structure between its own subsidiaries and those of Fermacell is inefficient and could restrict the ability to grow the overall business. Therefore with effect from 1 April 2019 the Company will transact business with the parent on the same basis as the Fermacell companies, which means it will operate under a distribution model rather than a limited risk distribution model. As a result the gross margin on sales is expected to increase but the Company will also assume certain operating and other risks including risks related to warranty, cash collections and inventory obsolescence.

James Hardie Building Products Limited

In addition from fiscal 2020, James Hardie Building Products Ltd will no longer provide significant warehousing services to its parent company and in April 2019 the Company acquired the inventory held in the Eastleigh warehouse on behalf of its parent.

Approved by the Board on December 17, 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Lorcan Murtagh', written over a horizontal dotted line.

Lorcan Murtagh, Director

James Hardie Building Products Limited

Directors' Report for the Year Ended 31 March 2019

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2019.

Directors of the Company

The directors who held office during the year were as follows:

Lorcan Murtagh

Andrew Flynn (resignation October 2018)

Principal activity

The principal activity of the Company is selling fiber cement building materials.

Future Developments

It is the intention of the directors to continue to develop the current trading activities of the Company in fiber cement while leveraging the sales, marketing and distribution infrastructure the Fermacell group has built up within the United Kingdom in selling fiber gypsum and cement bonded boards. Management are also working with other group companies to identify and develop new fiber cement products for the market.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the profitable nature of the business and positive current and total net assets.

Employees

The group of subsidiary companies headed by the ultimate parent company James Hardie Industries plc has a policy which clearly states that every employee, regardless of position, be treated with respect and in a fair and just manner at all times.

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company.

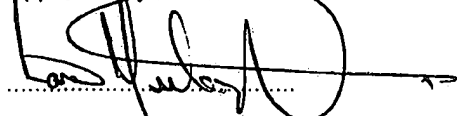
Disclosure of information to the auditor

The director has taken steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst and Young as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on December 17, 2019 and signed on its behalf by:



Lorcan Murtagh, Director

James Hardie Building Products Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

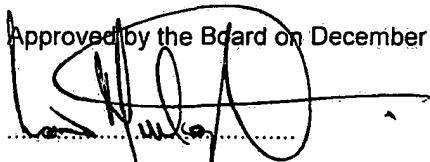
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether the financial standards have been prepared in accordance with applicable accounting standards, including FRS 101, identify those standards, and note the effect and reasons for any material departure from those standards.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on December 17, 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Lorcan Murtagh', is written over a horizontal dotted line.

Lorcan Murtagh, Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES HARDIE BUILDING PRODUCTS LIMITED

Opinion

We have audited the financial statements of James Hardie Building Products Limited for the year ended 31 March 2019 which comprise, the Statement of comprehensive income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.



Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES HARDIE BUILDING PRODUCTS LIMITED (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES HARDIE BUILDING PRODUCTS LIMITED (Continued)

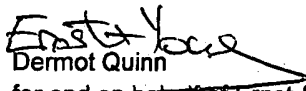
Auditor's responsibilities for the audit of the financial statements

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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Dermot Quinn
for and on behalf of Ernst & Young, Statutory Auditor
Dublin

18 December 2019

James Hardie Building Products Limited

Statement of Comprehensive Income for the Year Ended 31 March 2019

| | Note | 2019 £ | 2018 £ |
|---|------|------------------|------------------|
| Turnover | 2 | 21,256,285 | 18,855,117 |
| Cost of sales | | (14,759,290) | (12,328,422) |
| Gross profit | | <u>6,496,995</u> | <u>6,526,695</u> |
| Administrative expenses | | (5,860,825) | (5,962,937) |
| Operating profit | 3 | <u>636,170</u> | <u>563,758</u> |
| Profit on ordinary activities before taxation | | <u>636,170</u> | <u>563,758</u> |
| Taxation on profit on ordinary activities | 5 | (101,928) | (91,698) |
| Total comprehensive income for the year | | <u>534,242</u> | <u>472,060</u> |

Turnover and operating profit derive wholly from continuing operations.

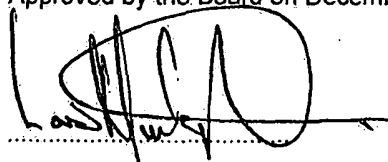
The notes on pages 12 to 23 form an integral part of these financial statements.

James Hardie Building Products Limited

Statement of Financial Position as at 31 March 2019

| | Note | 2019 | 2018 |
|--|------|--------------------|--------------------|
| | | £ | £ |
| Debtors | 6 | 6,065,971 | 5,038,474 |
| Cash at bank and in hand | | - | - |
| Total current assets | | <u>6,065,971</u> | <u>5,038,474</u> |
| Creditors: Amounts falling due within one year | 7 | (1,312,151) | (818,896) |
| Net assets | | <u>4,753,820</u> | <u>4,219,578</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 10,002 | 10,002 |
| Share premium account | | 8,468,470 | 8,468,470 |
| Profit and loss account (deficit) | | <u>(3,724,652)</u> | <u>(4,258,894)</u> |
| Shareholders' funds | | <u>4,753,820</u> | <u>4,219,578</u> |

Approved by the Board on December 17, 2019 and signed on its behalf by:



Lorcan Murtagh, Director

The notes on pages 12 to 23 form an integral part of these financial statements.

James Hardie Building Products Limited

Statement of Changes in Equity as at 31 March 2019

| <i>As at 31 March 2018</i> | <i>Share capital £</i> | <i>Share Premium £</i> | <i>Profit and loss reserve £</i> | <i>Total £</i> |
|----------------------------|----------------------------|----------------------------|--------------------------------------|--------------------|
| At 31 March 2017 | 10,002 | 8,468,470 | (4,730,954) | 3,747,518 |
| Profit for the year | - | - | 472,060 | 472,060 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | 472,060 | 472,060 |
| At 31 March 2018 | 10,002 | 8,468,470 | (4,258,894) | 4,219,578 |
| <i>As at 31 March 2019</i> | <i>Share capital £</i> | <i>Share Premium £</i> | <i>Profit and loss reserve £</i> | <i>Total £</i> |
| At 31 March 2018 | 10,002 | 8,468,470 | (4,258,894) | 4,219,578 |
| Profit for the year | - | - | 534,242 | 534,242 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | 534,242 | 534,242 |
| At 31 March 2019 | 10,002 | 8,468,470 | (3,724,652) | 4,753,820 |

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

1. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Corporate Information, Parent Company and Controlling Party

James Hardie Building Products Limited is a UK domiciled company incorporated in the UK with a registered office at One Fleet Place, London, EC4M 1FE. The Company is an indirect, wholly-owned subsidiary of James Hardie Industries plc (JHIplc). The Company ownership is held directly by James Hardie Europe BV (JHE).

Basis of Preparation

The financial statements have been prepared on the going concern basis under the historical cost convention in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006.

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates. The financial statements are expressed in Pound Sterling (£), the functional currency of the Company.

FRS 101 Exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1 'Presentation of financial statements':
 - (i) 10(d) (statement of cash flows);
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - (iii) 16 (statement of compliance with all IFRS);
 - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements);
 - (v) 38B-D (additional comparative information);
 - (vi) 40A-D (requirements for a third statement of financial position);
 - (vii) 111 (cash flow statement information);
- IAS 7 'Statement of cash flows';
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- IFRS 13 "Fair Value Measurement".

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

.....continued

1. Accounting Policies (continued)

FRS 101 Exemptions (continued)

The Company has availed of the disclosure exemptions contained in FRS 101 on the basis that relevant, equivalent disclosures have been given in the group accounts of James Hardie Industries plc. The group accounts of James Hardie Industries plc are available to the public and can be obtained by accessing the Company's FY2019 Annual Report on Form 20-F on the SEC's website at www.sec.gov and on the Investor Relations area of the Company's website at www.jameshardie.com.au.

New accounting policies

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. It includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

The company adopted IFRS 9 from 1 April 2018, and has applied it for the first time in the 2019 financial year, without restating comparative information. No adjustment to recognise the impact of applying IFRS 9 as at 1 April 2018 was required.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a principles-based approach to recognising revenue only when performance obligations are satisfied and control of the related goods or services is transferred. It addresses items such as the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 replaces IAS 18 Revenue and other related requirements.

The company's revenue recognition process is at the point of delivery. There is no significant judgement required in determining the timing of company's revenue stream. The company adopted IFRS 15 on 1 April 2018 and has applied it for the first time in the 2019 financial year. IFRS 15 was adopted retrospectively without the requirements to restate the comparative information. IFRS 15 has no impact on the company's reported revenue or profits. No cumulative adjustment to recognise the impact of applying IFRS 15 as at 1 April 2018 was required.

Turnover

Turnover includes the values of sales made to customers after deductions of sales taxes and rebates.

In the 2018 and 2019 financial year, turnover from the sale of goods is recognised at the point of delivery.

Research and Development

Research and development expenditure is written off as incurred.

Foreign Currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction.

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

.....continued

1. Accounting Policies (continued)

Foreign Currency (continued)

Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the statement of comprehensive income.

Hire Purchase and Leasing

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term.

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

As of 1 April 2018, the company assessed which business models to each category of its financial assets and classified them into three categories defined by IFRS 9: amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The financial assets recognised by the Company include cash and cash equivalents, trade receivables and intercompany receivables. The company holds no financial assets through other comprehensive income.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to hold financial assets in order to collect contractual cashflows; and
- The contractual terms of the financial asset give rise on the specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of Profit and Loss Account when the asset is derecognized, modified or impaired.

The financial assets at amortised cost include amounts due from fellow group undertakings.

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

.....continued

1. Accounting Policies (continued)

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred the rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained all the risks and rewards of the asset but has transferred control of the asset.

Impairment

The company holds other receivables and intercompany receivables which are subject to impairment under IFRS 9's new expected credit loss model. The company revised its impairment methodology under IFRS 9 for each of these classes of assets. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities mainly comprise trade and other payables, and amounts due to fellow group undertakings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

.....continued

1. Accounting Policies (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Taxation (Current and Deferred)

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised only to the extent that the directors consider that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

.....continued

1. Accounting Policies (continued)

Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

The company makes an estimate of the recoverable amount of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the aging profile of receivables and historical experience. See Note 9 for the net carrying amount of the receivables.

Pension Costs

Pension benefits are funded over the employees' period of service by way of contributions to a defined contribution scheme. Contributions are charged to the statement of comprehensive income as they become payable.

Interest Income and Expense

Interest earned on deposits from banks and loans to group companies is credited to the profit and loss reserve on an accruals basis. Interest arising on borrowings and on loans from group companies is charged to the statement of comprehensive income on an accruals basis.

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

.....continued

2. Turnover

An analysis of turnover by geographical location is given below:

| | 2019 | 2018 |
|------------|-------------------|-------------------|
| | £ | £ |
| Sales - UK | <u>21,256,285</u> | <u>18,855,117</u> |

The Company's only significant business segment is that of selling fiber cement building material.

3. Operating Profit

| Operating profit is stated after charging: | 2019 | 2018 |
|---|--------------|----------------|
| | £ | £ |
| Operating leases - other assets | 236,988 | 217,939 |
| Auditor's remuneration - The audit of the company's annual accounts | 22,200 | 22,200 |
| Foreign Exchange gain (loss) | <u>1,203</u> | <u>(5,645)</u> |

4. Particulars of Employees

| | 2019 | 2018 |
|---------------------|-----------|-----------|
| | No. | No. |
| Warehouse | 7 | 7 |
| Sales and marketing | 19 | 19 |
| Other departments | 3 | 2 |
| | <u>29</u> | <u>28</u> |

| | 2019 | 2018 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,048,972 | 1,106,307 |
| Social security costs | 150,785 | 255,360 |
| | <u>1,199,757</u> | <u>1,361,667</u> |

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

.....continued

5. Taxation

| | 2019 £ | 2018 £ |
|---|----------------|---------------|
| INCOME TAX EXPENSE | | |
| <i>Current tax</i> | | |
| Corporation tax on income on ordinary activities for the period | - | - |
| <i>Total current tax expense</i> | - | - |
| <i>Deferred tax</i> | | |
| Temporary differences | 101,928 | 91,698 |
| <i>Total deferred tax expense</i> | 101,928 | 91,698 |
| Total income tax expense (see reconciliation below) | 101,928 | 91,698 |

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

..... continued

5. Taxation (continued)

| | 2019 | 2018 |
|--|-----------|----------|
| | £ | £ |
| RECONCILIATION OF EFFECTIVE TAX RATE | | |
| Profit on ordinary activities before taxation | 636,170 | 563,758 |
| Income on ordinary activities before taxation | 120,872 | 107,114 |
| multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%) | | |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 10,067 | 3,165 |
| Adjustment in respect of previous periods | 34,509 | 20,882 |
| Effect of change in tax rates | (62,582) | (39,463) |
| Timing differences | (938) | |
| Total income tax expense | 101,928 | 91,698 |
| Effective tax rate | 16.0% | 16.3% |
| | 2019 | 2018 |
| | £ | £ |
| Deferred tax asset | 898,887 | 990,585 |
| Deferred tax charge for the year | (101,928) | (91,698) |
| Balance at end of year | 796,959 | 898,887 |

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

..... continued

6. Debtors: Amounts falling due within one year

| | 2019 | 2018 |
|---|------------------|------------------|
| | £ | £ |
| Trade debtors | 5,069,173 | 4,139,487 |
| Other debtors | 115,794 | 100 |
| Amounts receivable from group undertaking | 84,045 | - |
| Deferred tax | 796,959 | 898,887 |
| | <u>6,065,971</u> | <u>5,038,474</u> |

The deferred tax benefit is expected to be decreased over a number of years and consequently a significant proportion of the balance is a long term benefit due after more than one year. Other debtors has increased significantly compared to the prior year due to quarterly invoice which was paid before year end.

7. Creditors: Amounts falling due within one year

| | 2019 | 2018 |
|------------------------------------|------------------|----------------|
| | £ | £ |
| Trade creditors | 611,017 | 138,161 |
| Amounts owed to group undertakings | - | 171,113 |
| Other taxes and social security | 241,931 | 97,992 |
| Accruals and deferred income | 459,203 | 411,630 |
| | <u>1,312,151</u> | <u>818,896</u> |

Amounts owed to group undertakings are unsecured, interest bearing and repayable on demand.

8. Share capital: Allotted, called up and fully paid shares

| | 2019 | | 2018 | |
|----------------------------|---------------|---------------|---------------|---------------|
| | No. | £ | No. | £ |
| Ordinary of shares £1 each | <u>10,002</u> | <u>10,002</u> | <u>10,002</u> | <u>10,002</u> |

James Hardie Building Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

..... continued

9. Commitments

| | 2019 £ | 2018 £ |
|---------------------------|------------------|------------------|
| Within one year | 479,434 | 479,434 |
| Within two and five years | 909,481 | 1,237,458 |
| | <u>1,388,915</u> | <u>1,716,892</u> |

The above amounts represent minimum rental payments for operating leases for warehouses and motor vehicles operated by company employees.

10. Related Party Transactions, Controlling Parties and Parent Undertaking

The parent undertaking of the smallest and largest Group of undertakings for which Group financial statements are drawn up, and of which the Company is a member, is JH plc, a company incorporated in Ireland with a registered office at Second Floor, Europa House, Harcourt Centre, Harcourt Street, Dublin 2, D02WR20, Ireland.

In common with other companies, which are members of a Group of companies, the financial statements reflect the effect of such membership. The Company has not disclosed any related party transactions as it has availed of the exemption available under the provisions of FRS 101 which exempts disclosure of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by a member of that group.

11. Important Events since the Year End

During the year the Company leveraged the marketing, sales and distribution infrastructure of Fermacell to grow the business and plan new product solutions. The parent company of James Hardie Building Products Limited has determined that having a different sales and distribution structure between its own subsidiaries and those of Fermacell is inefficient and could restrict the ability to grow the overall business. Therefore with effect from 1 April 2019 the Company will transact business with the parent on the same basis as the Fermacell companies, which means it will operate under a distribution model rather than a limited risk distribution model. As a result the gross margin on sales is expected to increase but the Company will also assume certain operating and other risks including risks related to warranty, cash collections and inventory obsolescence.

James Hardie Building Products Limited

11. Important Events since the Year End (continued)

In addition from fiscal 2020 James Hardie Building Products Ltd will no longer provide significant warehousing services to its parent company and in April 2019 the Company acquired the inventory held in the Eastleigh warehouse on behalf of its parent. The Company will no longer provide significant warehousing services to its parent and will purchase and hold inventory in its Eastleigh warehouse at its own risk.

12. Approval of Financial Statements

The financial statements were approved by the board of directors and authorized for issue on December 17, 2019.