

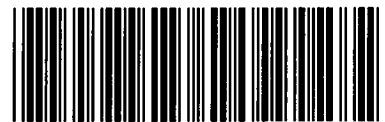
Registration number: 4611582

**James Hardie Building Products Limited**

Annual Report and Financial Statements

For the Year Ended 31 March 2018

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# **James Hardie Building Products Limited**

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**James Hardie Building Products Limited**

## Company Information

**Directors**

Lorcan Murtagh  
Andrew Flynn (resigned 17 October 2018)  
Robert Windle (appointed 3 May 2018)  
(resigned 30 June 2018)

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 2018**

The directors present their strategic report for the year ended 31 March 2018.

#### **Business review**

##### ***Fair review of the business***

The Company's profit after tax for the financial year was £472,060 (2017: £426,911) which has been transferred to reserves. No dividends were declared or paid in 2018 (2017: £nil). Turnover rose by 11% in the year. Cost of sales decreased by 3%, while General and Administrative expenses increased by 62%, resulting in a 1% 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 FY18.

The business will continue to focus on increasing turnover in the coming years. An emphasis will be placed on pricing and sourcing current and new product to support growth of the business. The overall goal of the Company is to increase both turnover and profit of the business while raising awareness of the James Hardie brand.

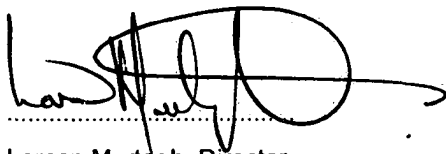
##### ***Principal risks and uncertainties***

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***

On 3 April James Hardie Industries plc (JHIplc) the Company's ultimate parent closed the acquisition of XI DL Holdings GmbH acquiring its Fermacell business from Xella International SA. The directors believe that the acquisition will result in future opportunities to grow the fibre cement business in the UK and generally grow and develop the company.

Approved by the Board on 13 December 2018 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 2018**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2018.

#### **Directors of the Company**

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

Lorcan Murtagh

Andrew Flynn (resigned on 17 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 position the recently acquired Fermacell group has built up within the United Kingdom in selling fiber gypsum and cement bonded boards.

#### **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.

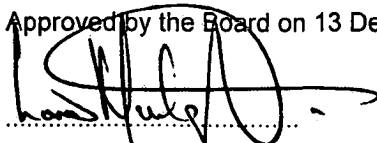
#### **Disclosure of information to the auditor**

The director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know 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 13 December 2018 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.

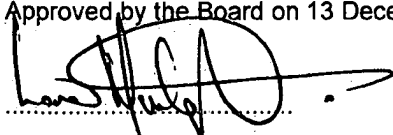
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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 13 December 2018 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 2018 which comprise, the Statement of comprehensive income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 13, 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 2018 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

**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...], 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 2018

## James Hardie Building Products Limited

### Statement of Comprehensive Income for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	2	18,855,117	16,915,433
Cost of sales		<u>(12,328,422)</u>	<u>(12,683,712)</u>
Gross profit		6,526,695	4,231,721
Administrative expenses		(5,962,937)	(3,673,060)
Operating profit	3	<u>563,758</u>	<u>558,661</u>
Interest payable and similar charges	5	-	(538)
Profit on ordinary activities before taxation		<u>563,758</u>	<u>558,122</u>
Taxation on profit on ordinary activities	6	<u>(91,698)</u>	<u>(131,211)</u>
Total comprehensive income for the year		<u>472,060</u>	<u>426,911</u>

Turnover and operating profit derive wholly from continuing operations.

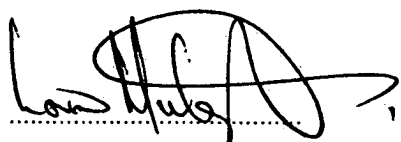
The notes on pages 11 to 18 form an integral part of these financial statements.

# James Hardie Building Products Limited

## Statement of Financial Position as at 31 March 2018

	Note	2018	2017
		£	£
Debtors	7	5,038,474	5,514,832
Cash at bank and in hand		-	-
Total current assets		<u>5,038,474</u>	<u>5,514,832</u>
Creditors: Amounts falling due within one year	8	(818,896)	(1,767,314)
Net assets		<u>4,219,578</u>	<u>3,747,518</u>
Capital and reserves			
Called up share capital	9	10,002	10,002
Share premium account		8,468,470	8,468,470
Profit and loss account (deficit)		<u>(4,258,894)</u>	<u>(4,730,955)</u>
Shareholders' funds		<u>4,219,578</u>	<u>3,747,518</u>

Approved by the Board on 13 December 2018 and signed on its behalf by:



Lorcan Murtagh, Director

The notes on pages 11 to 18 form an integral part of these financial statements.

## James Hardie Building Products Limited

### Statement of Changes in Equity as at 31 March 2018

*As at 31 March 2017*

	<i>Share capital £</i>	<i>Share premium £</i>	<i>Profit and loss reserve £</i>	<i>Total £</i>
At 31 March 2016	10,002	8,468,470	(5,157,866)	3,320,606
Profit for the year	-	-	426,911	426,911
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	426,911	426,911
At 31 March 2017	10,002	8,468,470	(4,730,954)	3,747,518

*As at 31 March 2018*

	<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

# **James Hardie Building Products Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2018**

### **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 2018**

*.....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 FY2018 Annual Report on Form 20-F on the SEC's website at [www.sec.gov](http://www.sec.gov) and on the Investor Relations area of the Company's website at [www.jameshardie.com.au](http://www.jameshardie.com.au).

#### **Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods to customers.

#### **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. 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 – Financial Liabilities Initial Recognition and Measurement**

Financial liabilities within the scope of IAS 39 'Financial Instruments: Recognition and Measurement' are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities comprise amounts owing to Group companies.

#### **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.

## **James Hardie Building Products Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

*.....continued*

#### **1. Accounting Policies (continued)**

##### **Taxation (Current and Deferred) (continued)**

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.

##### **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 2018

.....continued

### 2. Turnover

An analysis of turnover by geographical location is given below:

	2018	2017
	£	£
Sales - UK	<u>18,855,117</u>	<u>16,915,433</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:

	2018	2017
	£	£
Operating leases - other assets	217,939	258,539
Auditor's remuneration	22,200	38,500
Foreign currency (gains)/losses	<u>(5,645)</u>	<u>16,624</u>

### 4. Particulars of Employees

	2018	2017
	No.	No.
Warehouse	7	7
Sales and marketing	19	22
Other departments	<u>2</u>	<u>1</u>
	<u>28</u>	<u>30</u>

	2018	2017
	£	£
Wages and salaries	1,106,307	1,283,737
Social security costs	<u>255,360</u>	<u>63,950</u>
	<u>1,361,667</u>	<u>1,347,687</u>



# James Hardie Building Products Limited

## Notes to the Financial Statements for the Year Ended 31 March 2018

.....continued

### 5. Interest Payable and Similar Charges

	2018 £	2017 £
Interest on loans from group undertakings	-	538

### 6. Taxation

	2018 £	2017 £
<b>INCOME TAX EXPENSE</b>		
<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	91,698	131,211
<i>Total deferred tax expense</i>	91,698	131,211
Total income tax expense (see reconciliation below)	91,698	131,211

# James Hardie Building Products Limited

## Notes to the Financial Statements for the Year Ended 31 March 2018

..... continued

### 6. Taxation (continued)

	2018 £	2017 £
<b>RECONCILIATION OF EFFECTIVE TAX RATE</b>		
Profit on ordinary activities before taxation	<u>563,758</u>	<u>558,122</u>
Income on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19%)	107,114	106,043
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3,165	10,206
Adjustment in respect of previous periods	20,882	338
Effect of change in tax rates	(39,463)	14,624
Total income tax expense	<u>91,698</u>	<u>131,211</u>
Effective tax rate	<u>16.3%</u>	<u>19.0%</u>
	2018 £	2017 £
Deferred tax asset	990,585	1,121,796
Deferred tax charge for the year	<u>(91,698)</u>	<u>(131,211)</u>
Balance at end of year	<u>898,887</u>	<u>990,585</u>

# James Hardie Building Products Limited

## Notes to the Financial Statements for the Year Ended 31 March 2018

..... continued

### 7. Debtors: Amounts falling due within one year

	2018	2017
	£	£
Trade debtors	4,139,487	3,584,579
Other debtors	100	216,787
Deferred tax	898,887	990,585
Other taxes and social security	-	722,881
	<u>5,038,474</u>	<u>5,514,832</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 balance due after more than one year.

### 8. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	138,161	150,537
Amounts owed to group undertakings	171,113	702,310
Other taxes and social security	97,992	41,500
Accruals and deferred income	411,630	872,966
	<u>818,896</u>	<u>1,767,314</u>

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

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

	2018		2017	
	No.	£	No.	£
Ordinary shares of £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 2018

..... continued

#### 10. Commitments

	2018 £	2017 £
Within one year	479,434	448,702
Within two and five years	1,237,458	1,660,213
	<u>1,716,892</u>	<u>2,108,916</u>

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

#### 11. 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 JHI plc, a company incorporated in Ireland with a registered office at Second Floor, Europa House, Harcourt Centre, Harcourt Street, Dublin 2.

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.

#### 12. Important Events since the Year End

On 3 April James Hardie Industries plc (JHI plc) the Company's ultimate parent closed the acquisition of XI DL Holdings GmbH acquiring its Fermacell business from Xella International SA. The directors believe that the acquisition will result in future opportunities to grow the fibre cement business in the UK and generally grow and develop the company.

#### 13. Approval of Financial Statements

The financial statements were approved by the board of directors and authorized for issue on 13 December 2018.