

Registered number: 10114708

Ultima Holding Limited

**Annual report and financial statements
for the year ended 31 December 2018**



Ultima Holding Limited

Company information

Directors	P Mathieu Dr. M Padberg
Registered number	10114708
Registered office	Mars Street Oldham Lancashire OL9 6LY
Auditor	KPMG LLP Chartered Accountants One St Peter's Square Manchester M2 3AE

Ultima Holding Limited

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Ultima Holding Limited

Strategic report for the year ended 31 December 2018

The directors present their strategic report and the audited financial statements of Ultima Holding Limited ("the company") for the year ended 31 December 2018.

Business review

The principal activity of the company is that of a holding company in a group which manufacture and sell insulation, specialty foams and rubber solutions for a wide range of industries.

During the year, the company made a loss before tax of €2,087,000 (2017: €2,175,000) and had net assets of €2,746,000 (2017: €4,833,000).

Financial key performance indicators ("KPIs")

Disclosures related to KPIs are not considered to be relevant to the readers of the financial statements due to the straight forward nature of the company's activities and have therefore been excluded.

Principal risks and uncertainties

The principal risk facing the company is the recoverability of its investments in subsidiaries. The company takes reasonable steps to manage and control these risks by regularly monitoring the performance of the subsidiaries and considering the impact it may have on the carry amounts of the investments and if any action is required.

The company holds loans payable to fellow group undertakings denominated in Euros. The interest payable on loans are denominated in Euros and are charged at fixed asset interest rates as shown in note 9.

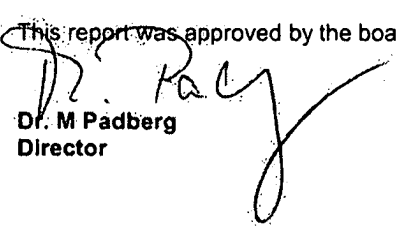
The UK left the EU on 31 January 2020 and is now in a transition period until the end of 2020 while the UK and EU negotiate additional arrangements. The directors are continuing to consider and assess the impact on the company and are awaiting further clarity regarding exit terms and the wide regulatory and legal implications.

The company have reviewed the potential impact of COVID-19 on the business and are actively working with suppliers and customers to ensure no disruption in supplies. The directors are satisfied that the steps being taken mitigates against the risk.

Future developments

The company will continue to act as an holding company.

This report was approved by the board on


Dr. M Padberg
Director

9. June

2020 and signed on its behalf by:

Ultima Holding Limited

Directors' report for the year ended 31 December 2018

The directors present their directors' report and the financial statements of Ultima Holding Limited ("the company") for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to €2,087,000 (2017: €2,175,000).

The directors do not recommend the payment of a dividend (2017: €nil).

Going concern

The company is part of the Armacell International S.A. group of companies (the Group). Since January 2020 the spread of COVID-19 has been affecting the global economy. As a holding company the company has not been directly impacted by COVID-19. However, the company meets its day to day cash requirements from intercompany balances with other Group companies. Therefore the company is dependent on the Group as a whole.

Notwithstanding net current liabilities of €29,784,000 as at 31 December 2018 and a loss for the year then ended of €2,087,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has minimal cash and all transactions are through intercompany accounts. The directors expect no change in operations of the holding company and thus do not expect any cash outflows in the next 12 months not funded by intragroup balances and therefore expect that the company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

The directors have assessed the ability of the company to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements, which indicate that the company will have sufficient funds, through funding from its intermediate parent company Armacell International S.A., to meet its liabilities as they fall due for that period.

Ultima Holding Limited

Directors' report (continued) for the year ended 31 December 2018

Going concern (continued)

Material risks and uncertainties – group support due to COVID-19

The forecasts referred to above are dependent on the company's intermediate parent company, Armacell International S.A., not seeking repayment of the amounts currently due to it, which at 31 December 2018 amounted to €29,755,000. Armacell International S.A. has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The assurances received by the company over this continuing financial support are dependent on the financial viability of the wider Armacell Group headed by Armacell Holdco Luxembourg S.a.r.l. The UK manufacturing plant is currently shut and the Group's plants in Begur (Spain), Turin (Italy) and Pune (India) are also temporarily closed following measures imposed by local Government / Local Authorities for health and safety reasons. The Group's remaining 20 plants globally are currently up and running. This includes three plants in China. The Chinese plants have been fully operational again since 10 February 2020 following the prolongation of the Chinese Lunar New Year by a couple of days.

Business in China is transitioning back to normal for the majority of the business and government projects are being restarted albeit at a slower pace. Armacell Group provided part of the equipment insulation material to the new hospitals in Wuhan during the heat of the crisis in China.

The Group's directors have noted that order entry so far exhibits good development and performance is much in line with expectations and the prior year. The Group's decentralised production footprint and double sourcing strategy provide some resilience against potential further lock downs across the globe whilst the business model provides flexibility to take out cost out if required and to mitigate the risk of lower demand. The Group's financing facilities are expected to provide sufficient headroom going forward.

However, notwithstanding the mitigating factors noted above, the COVID-19 pandemic results in wider macro-economic uncertainty due to changing government policy across the globe and the potential for certain suppliers and customers to experience financial difficulty.

Conclusion

Consequently, the directors conclude that whilst the impact of COVID-19 on the Group's ability to continue to support the company gives rise to a material uncertainty which may cast doubt on the company's ability to continue as a going concern, they are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and consequently have prepared the financial statements on a going concern basis.

Future developments

An indication of likely future developments in the business have been included in the strategic report on page 1.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

P Mathieu
Dr. M Padberg

Ultima Holding Limited

Directors' report (continued) for the year ended 31 December 2018

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which the directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by Armacell International Holding GmbH, a fellow group undertaking, throughout the financial year.

Post balance sheet events

After the balance sheet date of 31 December 2018 and at the current date of signing, two significant events have occurred:

- The sale of the ultimate parent, Armacell International S.A dated 28 February 2020
- The global pandemic caused by the COVID-19 virus

Sale of Armacell International S.A.

From 29 February 2016 to 27 February 2020, the majority shareholder of Armacell International S.A. was the private equity house Blackstone with the remaining shares held by the holding and investment company Kirkbi and Armacell's senior management team.

On 4 December 2019 the shareholders of the intermediary parent company, Armacell Holdco Luxembourg S.à r.l. agreed to the sale of the company to PAI Partner S.à r.l. On the 28 February 2020, equity funds managed by PAI Partners have been Armacell's majority shareholder. The remaining shares held by the holding and investment company Kirkbi Invest A/S and Armacell's senior management team through the chain of the acquisition company Neptune MidCo S.à r.l., registered in Luxembourg, its subsidiary Neptune Holdco S.à r.l., registered in Luxembourg and its subsidiary Neptune BidCo S.à r.l., registered in Luxembourg.

COVID-19 impact

From the end of January 2020, the global pandemic caused by the COVID-19 virus reached the UK.

As per the going concern wording, Ultima Holding Limited relies on the continued support of Armacell International S.A. in not seeking repayment of amounts currently due to it, and at the balance sheet date has confirmation that repayment will not be required for at least twelve months.

The directors of the company comply with the Government's most recent advice in any decisions and continue to monitor the on-going situation on a daily basis.

Ultima Holding Limited

Directors' report (continued) for the year ended 31 December 2018

Directors' responsibilities statement

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

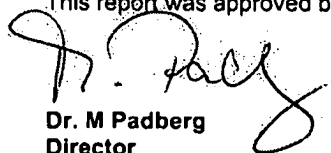
Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on

9 June

2020 and signed on its behalf by:


Dr. M Padberg
Director



Independent auditor's report to the members of Ultima Holding Limited

Opinion

We have audited the financial statements of Ultima Holding Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and loss account, Balance sheet and Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 2.3 to the financial statements which indicate that there is uncertainty over the receipt of financial support from Armacell International S.A due to COVID-19. These events and conditions, along with the other matters explained in note 2.3, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in this respect.

Independent auditor's report to the members of Ultima Holding Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

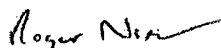
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Ultima Holding Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



Roger Nixon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
One St Peter's Square
Manchester
M2 3AE
United Kingdom

Date: 12 June 2020

Ultima Holding Limited

Profit and loss account for the year ended 31 December 2018

	Note	2018 €000	2017 €000
Administrative expenses		(9)	(14)
Operating loss		(9)	(14)
Interest payable and similar charges	6	(2,078)	(2,161)
Loss before taxation		(2,087)	(2,175)
Tax on loss	7	-	-
Loss for the financial year		(2,087)	(2,175)

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account and therefore no statement of other comprehensive income has been presented.

The notes on pages 12 to 25 form part of these financial statements.

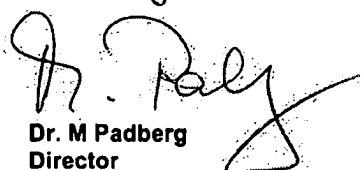
Ultima Holding Limited

Registered number: 10114708

Balance sheet as at 31 December 2018

	Note	2018 €000	2017 €000
Fixed assets			
Investments	8	<u>32,530</u>	<u>32,530</u>
		32,530	32,530
 Creditors: Amounts falling due within one year	9	<u>(29,784)</u>	<u>(27,697)</u>
Net current liabilities		(29,784)	(27,697)
 Net assets		<u>2,746</u>	<u>4,833</u>
Capital and reserves			
Called up share capital	10	-	-
Share premium		8,133	8,133
Retained earnings		<u>(5,387)</u>	<u>(3,300)</u>
Total equity		<u>2,746</u>	<u>4,833</u>

The financial statements were approved and authorised for issue by the board on 9 June 2020 and were signed on its behalf by:


Dr. M Padberg
Director

The notes on pages 12 to 25 form part of these financial statements.

Ultima Holding Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital €000	Share premium €000	Retained earnings €000	Total equity €000
At 1 January 2018	-	8,133	(3,300)	4,833
Loss for the financial year	-	-	(2,087)	(2,087)
At 31 December 2018	-	8,133	(5,387)	2,746

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital €000	Share premium €000	Retained earnings €000	Total equity €000
At 1 January 2017	-	8,133	(1,125)	7,008
Loss for the financial year	-	-	(2,175)	(2,175)
At 31 December 2017	-	8,133	(3,300)	4,833

The notes on pages 12 to 25 form part of these financial statements.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

1. General Information

Ultima Holding Limited ("the company") is a holding company for a group of companies which manufacture and sell insulation, specialty foams and rubber solutions for a wide range of industries. The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of the registered office is Mars Street, Oldham, Lancashire, OL9 6LY, United Kingdom.

2. Summary of significant 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, unless otherwise stated. The company has adopted Financial Reporting Standard 101, the Reduced Disclosure Framework ("FRS 101") in these financial statements.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation of financial statements

The individual financial statements of Ultima Holding Limited have been prepared in accordance with FRS 101 and the Companies Act 2006.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, Related party disclosures; (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to related party 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 such a member.

Note 12 gives details of the company's parent which includes the company in its consolidated financial statements, and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the company

The adoption of the new accounting standard for financial instruments, IFRS 9

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) superseded IAS 39 Financial Instruments: Recognition and Measurement from 1 January 2018.

In accordance with the transitional provisions in IFRS 9, the company has applied the modified retrospective transition method and has not restated prior year comparative figures. Results for the year ended 31 December 2018 are presented under IFRS 9, whilst results for the year ended 31 December 2017 are reported in accordance with IAS 39. Under the modified retrospective transition method, any cumulative adjustment from the adoption of IFRS 9 is recognised in opening retained earnings as at 1 January 2018. Additionally, the company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that have applied to disclosures relating to prior period but have not been included in the comparative information. However, following the adoption of IFRS 9, there has been no adjustment made to retained earnings.

The company does not apply hedge accounting, therefore no further disclosures have been provided.

2.3 Going concern

The company is part of the Armacell International S.A. group of companies (the Group). Since January 2020 the spread of COVID-19 has been affecting the global economy. As a holding company the company has not been directly impacted by COVID-19. However, the company meets its day to day cash requirements from intercompany balances with other Group companies. Therefore the company is dependent on the Group as a whole.

Notwithstanding net current liabilities of €29,784,000 as at 31 December 2018 and a loss for the year then ended of €2,087,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has minimal cash and all transactions are through intercompany accounts. The directors expect no change in operations of the holding company and thus do not expect any cash outflows in the next 12 months not funded by intragroup balances and therefore expect that the company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

The directors have assessed the ability of the company to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements, which indicate that the company will have sufficient funds, through funding from its intermediate parent company Armacell International S.A., to meet its liabilities as they fall due for that period.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.3 Going concern (continued)

Material risks and uncertainties – group support due to COVID-19

The forecasts referred to above are dependent on the company's intermediate parent company, Armacell International S.A., not seeking repayment of the amounts currently due to it, which at 31 December 2018 amounted to €29,755,000. Armacell International S.A. has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The assurances received by the company over this continuing financial support are dependent on the financial viability of the wider Armacell Group headed by Armacell Holdco Luxembourg S.a.r.l. The UK manufacturing plant is currently shut and the Group's plants in Begur (Spain), Turin (Italy) and Pune (India) are also temporarily closed following measures imposed by local Government / Local Authorities for health and safety reasons. The Group's remaining 20 plants globally are currently up and running. This includes three plants in China. The Chinese plants have been fully operational again since 10 February 2020 following the prolongation of the Chinese Lunar New Year by a couple of days.

Business in China is transitioning back to normal for the majority of the business and government projects are being restarted albeit at a slower pace. Armacell Group provided part of the equipment insulation material to the new hospitals in Wuhan during the heat of the crisis in China.

The Group's directors have noted that order entry so far exhibits good development and performance is much in line with expectations and the prior year. The Group's decentralised production footprint and double sourcing strategy provide some resilience against potential further lock downs across the globe whilst the business model provides flexibility to take out cost out if required and to mitigate the risk of lower demand. The Group's financing facilities are expected to provide sufficient headroom going forward.

However, notwithstanding the mitigating factors noted above, the COVID-19 pandemic results in wider macro-economic uncertainty due to changing government policy across the globe and the potential for certain suppliers and customers to experience financial difficulty.

Conclusion

Consequently, the directors conclude that whilst the impact of COVID-19 on the Group's ability to continue to support the company gives rise to a material uncertainty which may cast doubt on the company's ability to continue as a going concern, they are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and consequently have prepared the financial statements on a going concern basis.

2.4 Consolidation

The financial statements contain information about Ultima Holding Limited as an individual company. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the financial statements of an intermediate parent undertaking, Armacell Holdco Luxembourg, S.a.r.l., a company incorporated in Luxembourg.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.5 Functional and presentation currency

The company's functional and presentational currency is Euro's. All financial information is presented in Euro's and has been rounded to the nearest thousand.

2.6 Foreign currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2.7 Interest payable and similar charges

Interest payable is charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated instrument.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.9 Investments

Investments in subsidiary undertakings are recognised and carried at cost less amounts written off.

The company reviews its investments for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be supported by their underlying assets. Any impairment in value is charged through the profit and loss account.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.10 Financial instruments

(i) Financial assets

Classification

From 1 January 2018, the Company classifies its financial instruments in the following measurement categories:

Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial instrument and the contractual terms of the cash flows.

In order for a financial asset to be classified and measured at amortised cost its contractual cash flows should be 'solely payments of principal and interest (SPPI)' on the principal amount outstanding and the financial assets should be held under a business model where cash flows result from collecting contractual cash flows. Financial assets which are debt instruments are measured at fair value through other comprehensive income where the contractual cash flows are SPPI and the assets are managed under a business model where cash flows result from both collecting contractual cash flows and selling the financial assets.

For instruments measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition, measurement and derecognition

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss ('FVTPL'), directly attributable transaction costs. A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, except for those subsequently measured at fair value through other comprehensive income ('FVTOCI'), the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

For derecognition of financial assets measured at FVTOCI, any cumulative gain or loss is recognised in other comprehensive income. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. All the Company's debt instruments are measured at amortised cost as the assets are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest.

The Company's debt instruments consist of the following:

Amounts owed by parent and fellow subsidiary undertakings

Impairment

To measure the expected credit losses contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company uses judgement in making assumptions around the risk of default and expected loss rates, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The expected loss rates are based on the payment profiles of sales over a period of 24 month before 31 December 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of the customers to settle the receivables.

For amounts owed by parent and fellow subsidiary undertakings, the Company applies the general approach to providing for expected credit losses, as prescribed by IFRS 9. The general expected credit loss model under IFRS 9 requires the calculation of '12 month expected credit losses' (losses based on defaults which are possible within 12 months of the reporting date) for financial assets, unless the asset at the reporting date is not considered to be 'low credit risk' and is deemed to have had a 'significant increase in credit risk' since the initial recognition, in which case lifetime expected credit losses should be recorded.

Management consider amounts owed by parent and fellow subsidiary undertakings to have 'low credit risk' when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the short term

(ii) Financial liabilities

Financial liabilities at amortised cost include borrowings and trade and other creditors. These financial instruments are initially measured at fair value, net of any transaction costs in the case of borrowings, and subsequently measured at amortised cost using the effective interest rate. Borrowings are classified as current liabilities (creditors due within one year), unless the Company has an unconditional right to defer settlement of the liability for at least one year after the statement of financial position date.

Financial liabilities are derecognised when the group's obligations specified in the contract expire, are discharged or cancelled. Interest expense is recognised using the effective interest rate method.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment of financial assets.

Impairment testing is an area involving management judgements, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters.

4. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2018 €000	2017 €000
Fees for the audit of the company's financial statements	5	4

5. Directors' remuneration

The directors did not receive or waive any emoluments in respect of their services to the company during the year ended 31 December 2018 or the previous financial year.

The company has no employees other than the directors.

6. Interest payable and similar charges

	2018 €000	2017 €000
Interest payable on loans due to group undertakings	1,978	1,823
Finance costs	100	338
	<u>2,078</u>	<u>2,161</u>

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

7. Taxation

There is no current or deferred tax for the financial year ended 31 December 2018 or the previous financial year.

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 €000	2017 €000
Loss before taxation	(2,087)	(2,175)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(397)	(419)
Effects of:		
Group relief surrendered	-	313
Deferred tax not recognised	397	106
Total tax charge for the year	-	-

Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 17 March 2020. It was announced that the previously enacted decrease in the corporation tax rate from 19% to 17% from 1 April 2020 will not happen and the corporation tax rate will remain at 19% for the foreseeable future.

A deferred tax asset of €782,000 (2017: €106,000) has not been recognised on the grounds that there is insufficient evidence that the loss will be offset against future profits.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

8. Investments

	Investments in subsidiary companies €000
Cost	
At 1 January 2018	32,530
At 31 December 2018	32,530
Net book value	
At 31 December 2018	32,530
At 31 December 2017	32,530

In the opinion of the directors the market value of the above investments exceed the carrying amounts.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

8. Investments (continued)

Subsidiary undertakings

As at 31 December 2018, the company owned 100% of ordinary share capital of the following undertakings:

Name	Business	Registered office
Ultima Acquisition GB Limited	Holding Company	Mars Street, Oldham, OL9 6LY, United Kingdom
Armacell Insulation UK Holding Limited*	Holding company	Mars Street, Oldham, OL9 6LY, United Kingdom
Insulation Spain Holdings SLU*	Holding company	Pil. Ind Riera d'Esclanya, C/Can, Magi, 1, 17213 Esclanya - Begur (Girona), Spain
Armacell UK Limited*	Manufactures, markets and distributes elastomeric and polyethylene insulation and engineered foams	Mars Street, Oldham, OL9 6LY, United Kingdom
Armacell Insulation United States Holding Inc.*	Holding company	55 Vilcom Center Dr #200, Chapel Hill, NC 27514, USA
Armacell Iberia SLU *	Manufactures, markets and distributes elastomeric and polyethylene insulation and engineered foams	Pil. Ind Riera d'Esclanya, C/Can, Magi, 1, 17213 Esclanya - Begur (Girona), Spain
Insulation United States Holdings LLC *	Holding company	55 Vilcom Center Dr #200, Chapel Hill, NC 27514, USA
Armacell United States Holdings LLC *	Holding company	55 Vilcom Center Dr #200, Chapel Hill, NC 27514, USA
Armacell LLC *	Manufactures, markets and distributes elastomeric and polyethylene insulation and engineered foams	55 Vilcom Center Dr #200, Chapel Hill, NC 27514, USA
Armacell Brazil Ltda *	Manufactures, markets and distributes elastomeric and polyethylene insulation and engineered foams	Praca Dom Epamonodas, 52 Bairro N Sra. Do Perpetuo Socorro, 12421 Pindamonhangaba - SP CEP, Brazil
Armacell Australia Pty Ltd.*	Manufactures, markets and distributes elastomeric and polyethylene insulation and engineered foams	45, Bazalgette Crescent, Dandenong Soth, VIC 3175, Australia

*Undertakings are held by 100% subsidiary undertakings, rather than directly held by the company.

The company indirectly owned 49% of Armacell Thailand Limited, a company registered in Thailand.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

9. Creditors: Amounts falling due within one year

	2018 €000	2017 €000
Amounts due to group undertakings	438	627
Loans due to group undertakings	29,317	27,050
Accruals	29	20
	<u>29,784</u>	<u>27,697</u>

In 2016 the company received loan notes of €24,397,000, interest accrued but not paid is compounded at 31 December resulting in principal balances of €27,050,000 at 31 December 2017 and €29,317,000 at 31 December 2018. The loan notes accrue interest at rates of 6.86-7.61% and have no fixed date of repayment.

10. Share capital

	2018 €	2017 €
Allotted and fully paid		
2 ordinary shares of £1 each	<u>3</u>	<u>3</u>

11. Related party transactions

The company is exempt from disclosing related party transactions with companies that are wholly owned within the Avocado TopCo Limited group.

12. Parent undertakings and controlling party

The company's immediate parent undertaking is Armacell International S.A., a company incorporated in Luxembourg.

At the year end the company's ultimate parent undertaking and controlling party was Avocado TopCo Limited, a company incorporated in the Cayman Islands.

The smallest group in which the result of the company are consolidated is that headed by Armacell International S.A., 8 Rue Notre Dame, 2240 Luxembourg, R.C.S. Luxembourg, B176931. The largest group in which the results of the company are consolidated is that headed by Armacell Holdco Luxembourg, S.a.r.l., 2-4, Rue Eugène Ruppert, L-2453, Luxembourg, R.C.S. Luxembourg, B201575. The consolidated financial statements of these groups are available to the public and may be obtained from Armacell International S.A., 8 Rue Notre Dame, 2240 Luxembourg, R.C.S. Luxembourg, B176931.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2018

13. Post balance sheet events

After the balance sheet date of 31 December 2018 and at the current date of signing, two significant events have occurred:

- The sale of the ultimate parent, Armacell International S.A dated 28 February 2020
- The global pandemic caused by the COVID-19 virus

Sale of Armacell International S.A.

From 29 February 2016 to 27 February 2020, the majority shareholder of Armacell International S.A. was the private equity house Blackstone with the remaining shares held by the holding and investment company Kirkbi and Armacell's senior management team.

On 4 December 2019 the shareholders of the intermediary parent company, Armacell Holdco Luxembourg S.à r.l. agreed to the sale of the company to PAI Partner S.à r.l. On the 28 February 2020, equity funds managed by PAI Partners have been Armacell's majority shareholder. The remaining shares held by the holding and investment company Kirkbi Invest A/S and Armacell's senior management team through the chain of the acquisition company Neptune MidCo S.à r.l., registered in Luxembourg, its subsidiary Neptune Holdco S.à r.l., registered in Luxembourg and its subsidiary Neptune BidCo S.à r.l., registered in Luxembourg.

COVID-19 impact

From the end of January 2020, the global pandemic caused by the COVID-19 virus reached the UK.

As per the going concern wording, Ultima Holding Limited relies on the continued support of Armacell International S.A. in not seeking repayment of amounts currently due to it, and at the balance sheet date has confirmation that repayment will not be required for at least twelve months.

The directors of the company comply with the Government's most recent advice in any decisions and continue to monitor the on-going situation on a daily basis.