

**Covestro A/S**  
Kronborgvej 24, 5450 Otterup

Company reg. no. 11 90 92 72

**Annual report**

**1 January - 31 December 2018**

The annual report was submitted and approved by the general meeting on the 31 May 2019.

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Michael Graefenstedt  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## **Management's report**

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The board of directors and the managing director have today presented the annual report of Covestro A/S for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Otterup, 31 May 2019

### **Managing Director**

Lars Bruntse  
Managing Director

### **Board of directors**

Michael Graefenstedt  
Chairman

Lars Bruntse

Søren Petersen

## **Independent auditor's report**

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### **To the shareholder of Covestro A/S**

#### **Opinion**

We have audited the annual accounts of Covestro A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The management's responsibilities for the annual accounts**

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

## **Independent auditor's report**

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As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

## **Independent auditor's report**

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In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Kolding, 31 May 2019

### **KPMG**

Statsautoriseret Revisionspartnerselskab  
Company reg. no. 25 57 81 98

**Nikolaj Møller Hansen**

State Authorised Public Accountant  
mne33220

## Company data

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### The company

Covestro A/S  
Kronborgvej 24  
5450 Otterup

Web site <http://www.covestro.com>

E-mail [DK.info@covestro.com](mailto:DK.info@covestro.com)

Company reg. no. 11 90 92 72

Established: 1 January 1988

Financial year: 1 January 2018 - 31 December 2018  
30th financial year

### Board of directors

Michael Graefenstedt, Chairman  
Lars Bruntse  
Søren Petersen

### Managing Director

Lars Bruntse, Managing Director

### Auditors

KPMG Statsautoriseret Revisionspartnerselskab  
Jupitervej 4, st.  
6000 Kolding

## Financial highlights

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DKK in thousands.	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Profit and loss account:</b>					
Gross profit	112.648	96.873	94.581	93.428	67.902
Results from operating activities	70.432	63.038	59.553	47.165	23.607
Net financials	-206	255	-4.477	12	-178
Results for the year	54.851	49.086	22.775	35.714	17.291
<b>Balance sheet:</b>					
Balance sheet sum	116.593	118.769	83.051	108.437	71.243
Investments in tangible fixed assets represent	1.179	477	875	1.070	536
Equity	77.310	65.599	51.514	66.239	30.525
<b>Employees:</b>					
Average number of full time employees	35	34	36	32	28
<b>Key figures in %:</b>					
Acid test ratio	275,0	204,0	220,0	210,0	120,0
Solvency ratio	66,3	55,2	62,0	61,1	42,8
Return on equity	76,8	83,8	38,7	73,8	79,0
Return on investment	65,1	62,5	52,6	52,6	29,3

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.



## Management's review

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### Business activities

The company's activities consist of development, production and sale of polyurethane systems. Primary markets are companies producing reefer containers, industrial/building panels, heating pipes, refrigerators, freezers, hot water boilers and more.

### Business review

The income statement 2018 shows a profit of DKK 54.851 thousand after tax against DKK 49.086 thousand in 2017. The balance for the year ended 31 December 2018 shows total capital and reserves of DKK 77.310 thousand. Total capital and reserves year ended 31 December 2017 was DKK 65.599 thousand.

The company's financial result is strongly influenced by world market prices. These have historically fluctuated significantly. The increase in the financial result for 2018 is affected by this and an increased efficiency in the company.

The result for 2019 is expected to be below the result in 2018.

### Special risks

Operating risks:

The key business risk of Covestro A/S is related to the potential inability to be competitive in our main markets. Our continuous development and launching of new products developed in close cooperation with our customers reduces this risk.

### Environment

Covestro A/S is in compliance with Danish environmental regulations at any time. We continually follow and improve the company's environmental impact. At the end of 2018 Covestro A/S do not have any outstanding enforcement orders in relation to its environmental permits.

### Research and development activities

The company has an in-house R&D function. All development activities are done in close cooperation with our customers. The development activities in 2019 are expected to be at the same high level as in 2018.

## **Accounting policies used**

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The annual report for Covestro A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of the parent company.

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### **Translation of foreign currency**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

## **Accounting policies used**

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Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

### **The profit and loss account**

#### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise expenses for sales- and marketing activities, distribution and administration.

#### **Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

#### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

#### **Interest income and expenses and similar items**

Interest income and expense and similar items comprise interest income and expense, cash discounts, payables and transaction denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme ect.

## Accounting policies used

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### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

### The balance sheet

#### Intangible fixed assets

##### Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is 5 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

##### Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Buildings</i>	<i>20 years</i>	<i>2.000</i>
<i>Leasehold improvements</i>	<i>5-10 years</i>	
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-10 years</i>	

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account other external costs.

## **Accounting policies used**

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### **Impairment of fixed assets**

The book values of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

### **Financial fixed assets**

#### **Deposits**

Deposits are measured at amortised cost and represent rent deposits, etc.

#### **Inventories**

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

#### **Receivables**

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

#### **Accrued income and deferred expenses**

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

#### **Available funds**

Available funds comprise cash at bank and in hand.

## **Accounting policies used**

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### **Equity**

#### **Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

#### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

#### **Liabilities**

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

## Profit and loss account 1 January - 31 December

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DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Gross profit</b>	<b>112.648</b>	<b>96.873</b>
1 Staff costs	-39.297	-29.004
2 Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-2.919	-4.831
<b>Operating profit</b>	<b>70.432</b>	<b>63.038</b>
Other financial income	229	485
3 Other financial costs	-435	-230
<b>Results before tax</b>	<b>70.226</b>	<b>63.293</b>
4 Tax on ordinary results	-15.375	-14.207
<b>5 Results for the year</b>	<b>54.851</b>	<b>49.086</b>

## Balance sheet 31 December

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DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Fixed assets</b>		
6 Goodwill	651	2.148
Intangible fixed assets in total	<u>651</u>	<u>2.148</u>
7 Land and property	5.506	6.240
8 Other plants, operating assets, and fixtures and furniture	1.736	1.183
9 Tangible assets under construction and prepayments for tangible assets	116	0
10 Leasehold improvements	444	623
Tangible fixed assets in total	<u>7.802</u>	<u>8.046</u>
11 Deposits	114	114
Financial fixed assets in total	<u>114</u>	<u>114</u>
<b>Fixed assets in total</b>	<b><u>8.567</u></b>	<b><u>10.308</u></b>
<b>Current assets</b>		
Raw materials and consumables	8.269	7.022
Finished goods	9.048	5.653
Inventories in total	<u>17.317</u>	<u>12.675</u>
Trade debtors	46.518	52.372
Amounts owed by group enterprises	42.885	41.741
12 Deferred tax assets	779	985
Other receivables	372	382
13 Accrued income and deferred expenses	153	304
Debtors in total	<u>90.707</u>	<u>95.784</u>
Cash at bank and in hand	<u>2</u>	<u>2</u>
<b>Current assets in total</b>	<b><u>108.026</u></b>	<b><u>108.461</u></b>
<b>Assets in total</b>	<b><u>116.593</u></b>	<b><u>118.769</u></b>



## Balance sheet 31 December

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DKK in thousands.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2018</u>	<u>2017</u>
<b>Equity</b>			
14	Share capital	500	500
	Retained earnings	56.810	22.099
	Proposed dividend for the financial year	20.000	43.000
	<b>Equity in total</b>	<b><u>77.310</u></b>	<b><u>65.599</u></b>
<b>Liabilities</b>			
	Trade payables	5.430	6.969
	Debt to group enterprises	15.768	16.254
	Corporate tax	3.247	14.445
	Other debts	14.838	15.502
	Short-term liabilities in total	<u>39.283</u>	<u>53.170</u>
	<b>Liabilities in total</b>	<b><u>39.283</u></b>	<b><u>53.170</u></b>
	<b>Equity and liabilities in total</b>	<b><u>116.593</u></b>	<b><u>118.769</u></b>
<b>15</b>	<b>Contingencies</b>		
<b>16</b>	<b>Related parties</b>		

## Statement of changes in equity

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DKK in thousands.

	<b>Contributed capital</b>	<b>Results brought forward</b>	<b>Proposed dividend for the financial year</b>	<b>In total</b>
Equity 1 January 2018	500	22.099	43.000	65.599
Primo adjustment revenue recognition	0	-140	0	-140
Distributed dividend	0	0	-43.000	-43.000
Profit or loss for the year brought forward	0	34.851	20.000	54.851
	<b>500</b>	<b>56.810</b>	<b>20.000</b>	<b>77.310</b>

## Notes

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DKK in thousands.

	<u>2018</u>	<u>2017</u>
<b>1. Staff costs</b>		
Salaries and wages	35.019	26.597
Pension costs	2.375	2.254
Other costs for social security	160	133
Other staff costs	1.743	20
	<u><b>39.297</b></u>	<u><b>29.004</b></u>
Average number of employees	<u>35</u>	<u>34</u>
Pursuant to section 98 b (3) of the Danish Financial Statements Act the remuneration of the management is not disclosed separately. The Board of Directors receives no remuneration.		
<b>2. Depreciation, amortisation and writedown relating to tangible and intangible fixed assets</b>		
Amortisation of goodwill	1.497	3.280
Depreciation on leasehold improvements	178	145
Depreciation on buildings	762	762
Depreciation on plants, operating assets, fixtures and furniture	482	644
	<u><b>2.919</b></u>	<u><b>4.831</b></u>
<b>3. Other financial costs</b>		
Financial costs, group enterprises	198	31
Other financial costs	237	199
	<u><b>435</b></u>	<u><b>230</b></u>
<b>4. Tax on ordinary results</b>		
Tax of the results for the year	15.247	14.445
Adjustment for the year of deferred tax	206	-186
Adjustment of tax for previous years	-78	-52
	<u><b>15.375</b></u>	<u><b>14.207</b></u>

## Notes

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DKK in thousands.

	<u>2018</u>	<u>2017</u>
<b>5. Proposed distribution of the results</b>		
Dividend for the financial year	20.000	43.000
Allocated to results brought forward	34.851	6.086
<b>Distribution in total</b>	<b><u>54.851</u></b>	<b><u>49.086</u></b>
<b>6. Goodwill</b>		
Cost 1 January 2018	16.402	16.402
<b>Cost 31 December 2018</b>	<b><u>16.402</u></b>	<b><u>16.402</u></b>
Amortisation and writedown 1 January 2018	-14.254	-10.974
Amortisation for the year	-1.497	-3.280
<b>Amortisation and writedown 31 December 2018</b>	<b><u>-15.751</u></b>	<b><u>-14.254</u></b>
<b>Book value 31 December 2018</b>	<b><u>651</u></b>	<b><u>2.148</u></b>
<b>7. Land and property</b>		
Cost 1 January 2018	16.349	16.293
Additions during the year	28	125
Disposals during the year	0	-69
<b>Cost 31 December 2018</b>	<b><u>16.377</u></b>	<b><u>16.349</u></b>
Depreciation and writedown 1 January 2018	-10.109	-9.416
Depreciation for the year	-762	-762
Reversal of depreciation, amortisation and writedown, assets disposed of	0	69
<b>Depreciation and writedown 31 December 2018</b>	<b><u>-10.871</u></b>	<b><u>-10.109</u></b>
<b>Book value 31 December 2018</b>	<b><u>5.506</u></b>	<b><u>6.240</u></b>

## Notes

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DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>8. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 January 2018	14.307	14.645
Additions during the year	1.035	119
Disposals during the year	-413	-457
<b>Cost 31 December 2018</b>	<u><b>14.929</b></u>	<u><b>14.307</b></u>
Depreciation and writedown 1 January 2018	-13.124	-12.865
Depreciation for the year	-482	-644
Reversal of depreciation, amortisation and writedown, assets disposed of	413	385
<b>Depreciation and writedown 31 December 2018</b>	<u><b>-13.193</b></u>	<u><b>-13.124</b></u>
<b>Book value 31 December 2018</b>	<u><b>1.736</b></u>	<u><b>1.183</b></u>
<b>9. Tangible assets under construction and prepayments for tangible assets</b>		
Additions during the year	116	0
<b>Cost 31 December 2018</b>	<u><b>116</b></u>	<u><b>0</b></u>
<b>Book value 31 December 2018</b>	<u><b>116</b></u>	<u><b>0</b></u>
<b>10. Leasehold improvements</b>		
Cost 1 January 2018	3.585	3.352
Additions during the year	0	233
<b>Cost 31 December 2018</b>	<u><b>3.585</b></u>	<u><b>3.585</b></u>
Depreciation and writedown 1 January 2018	-2.962	-2.817
Depreciation for the year	-179	-145
<b>Depreciation and writedown 31 December 2018</b>	<u><b>-3.141</b></u>	<u><b>-2.962</b></u>
<b>Book value 31 December 2018</b>	<u><b>444</b></u>	<u><b>623</b></u>

## Notes

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DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>11. Deposits</b>		
Cost 1 January 2018	114	114
<b>Cost 31 December 2018</b>	<u>114</u>	<u>114</u>
<b>Book value 31 December 2018</b>	<u>114</u>	<u>114</u>
<b>12. Deferred tax assets</b>		
Deferred tax assets 1 January 2018	985	800
Deferred tax for the year	-206	185
	<u>779</u>	<u>985</u>
<b>13. Accrued income and deferred expenses</b>		
Accrued income and deferred expenses comprise costs concerning the next financial year.		
<b>14. Share capital</b>		
The share capital consists of 1 share of a nominal value of DKK 500. There has been no changes in the share capital during the last 5 years.		
<b>15. Contingencies</b>		
<b>Contingent liabilities</b>		
Leasing liabilities		
The company has entered into operational leasing contracts regarding company cars and buildings. The total payments in 2019 for existing leasing contracts as of 31 December 2018 is DKK 1.049. Payments for the periode 2020 - 2022 is DKK 1.033. Total operational leasing commitments is DKK. 2.082.		
<b>16. Related parties</b>		
<b>Controlling interest</b>		
Covestro AG, Leverkusen	Majority shareholder	

## Notes

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DKK in thousands.

### **Transactions**

In the financial year 2018, the company had Covestro group purchases of goods and services in total of DKK 241.058 and Covestro group sales of goods and services in total of DKK 27.150.

### **Consolidated annual accounts**

The company is included in the consolidated annual accounts of Covestro AG, Leverkusen Germany.

The consolidated annual report for Covestro AG can be ordered at the following addresses:

Covestro AG, Corporate Communications, DE-51368 Leverkusen Germany

Covestro A/S, Økonomiafdelingen, Kronborgvej 24, DK-5450 Otterup