



Sun Chemical A/S

Københavnsvej 112
4600 Køge
CVR No. 21420018

Annual report 2020

The Annual General Meeting adopted the
annual report on 19.05.2021

Mette Ravn Steenstrup Scheel
Chairman of the General Meeting

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Entity details

Entity

Sun Chemical A/S
Københavnsvej 112
4600 Køge

CVR No.: 21420018
Registered office: Køge
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Mette Ravn Steenstrup Scheel, Chairman
Brian Keith Panczyk, Deputy Chairman
Russell Jay Schwartz
Karl Bukin
Peter Krummeck
Esteve Bosch Torres
Carsten Boye Frederiksen
Martin Fris Jensen
Jørn Reenberg Thorsson

Executive Board

Niels Gregers Johansen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Sun Chemical A/S for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Køge, 19.05.2021

Executive Board

Niels Gregers Johansen
CEO

Board of Directors

Mette Ravn Steenstrup Scheel
Chairman

Brian Keith Panczyk
Deputy Chairman

Russell Jay Schwartz

Karl Bukin

Peter Krummeck

Esteve Bosch Torres

Carsten Boye Frederiksen

Martin Fris Jensen

Jørn Reenberg Thorsson

Independent auditor's report

To the shareholder of Sun Chemical A/S

Opinion

We have audited the financial statements of Sun Chemical A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

København, 19.05.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Hartmann Olesen

State Authorised Public Accountant
Identification No (MNE) mne34143

Management commentary

Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	56,923	68,686	62,785	62,819	64,016
Gross profit/loss	13,480	24,164	16,230	17,852	19,057
Operating profit/loss	(7,173)	(2,315)	(3,720)	564	(3,673)
Net financials	3,136	5,691	(2,523)	(625)	(1,059)
Profit/loss for the year	(5,129)	(23,454)	(4,524)	(1,392)	(3,959)
Total assets	91,344	129,373	125,096	130,031	129,296
Investments in property, plant and equipment	589	3571	2,022	7,871	2,025
Equity	43,187	48,316	71,770	76,294	77,686
Average number of employees	52	57	59	62	64
Ratios					
Return on equity (%)	(11.21)	(39.06)	(6.11)	(1.81)	(4.97)
Equity ratio (%)	47.28	37.35	57.37	58.67	60.08
Revenue per employee	1,094	1,164	1,064	1,013	1,000

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Revenue per employee:

$\frac{\text{Revenue}}{\text{Average number of employees}}$

Primary activities

The Company's primary activity is production of pigment preparations on behalf of a group enterprise.

Development in activities and finances

Loss for the financial year 2020 amounts to DKK 5.129k. The Equity on December 31, 2020 amounts to DKK 43,187k.

The Company's revenue for 2020 amounts to DKK 56,923k against DKK 68,686k in 2019. Revenue in 2019 included a recharge of restructuring expenses DKK 8,937k to a group enterprise.

The primary activity of the Company has been stable in 2020 with production volumes close to 2019 level and is considered satisfactory. The development in the cost base has again been positive with noticeable reductions.

The Covid-19 pandemic has not significantly impacted the Company's performance in 2020 although ensuring a sufficient supply of raw materials from abroad has required special attention and extra efforts throughout the year. The risk of infection spreading on site has been actively managed and the employees' adaptability to and compliance with locally implemented restrictions have been exemplary.

Significant resources have been dedicated to the ongoing infrastructural and organizational restructuring program on site again in 2020. Expenses related to these activities of DKK 4,337k are recorded as Other Operating Expenses and have been recharged to a group enterprise.

In 2019 the Board of Directors decided to initiate a more thorough investigation of the financial viability of selling the property. The costs associated with these studies during 2020 of DKK 8,945k are recorded as Other Operating Expenses.

The subsidiary Sun Chemical Inks A/S has generated a net profit for the year of DKK 3.116k against DKK 5.703k in 2019. The 2019 result however included a one-time income tax adjustment of DKK 4.129k. Hence the pretax earnings of the subsidiary have improved significantly again in 2020.

While the 2019 result included a significant tax expense attributable to tax audit adjustments from prior years of DKK 26 M, the 2020 tax expense is entirely related to an ordinary adjustment of the Company's deferred tax asset.

Outlook

The operating profit from the primary activity is anticipated to decline in the coming year due to the impact of the activities leading to a shutdown of the manufacturing operations in Køge. Expenses directly related to these activities are also expected to be significant in 2021.

The unstable situation related to the supply of raw materials from abroad caused by the Covid-19 pandemic is expected to continue well into 2021 and may likely influence the Company's ability to timely meet the market demand.

Environmental performance

A key objective of the Company in 2020 has been to continuously look for opportunities to reduce the total resource consumption per unit produce supported by an active and well-functioning energy management system according to ISO 50001.

Since January 1, 2018 the company is operating under a new environmental permit. The terms of the permit include an agreement with the Danish Environmental Protection Agency (EPA) regarding a small number of measures to further benefit the environment to be implemented before the end of 2020. Work on these initiatives has been completed according to plan and they are not expected to significantly affect the company's financial performance.

Research and development activities

The research and development activities of the Sun Chemical Group mainly take place in central units outside Denmark. However, process and product improvements of the Company's product range have continued locally throughout 2020 in close collaboration with customers and other companies of the Sun Chemical Group.

Statutory report on corporate social responsibility

Being a subsidiary of an international corporation, the company does not have a separate CSR policy in Denmark. Please refer to <https://www.sunchemical.com/about/sustainability/sustainability-report/>

Events after the balance sheet date

The investigation of the financial viability of selling the property instigated by the Board of Directors in 2019 has after the balance sheet date led to a decision to initiate the formal process of shutting down the manufacturing facilities in Køge. The decision will significantly impact the financial performance of the Company in the years to come.

In connection with the shutdown of operations, there is, according to the company's environmental permit, an obligation to implement the necessary measures to prevent future pollution of soil and groundwater and to bring the site back to satisfactory condition with regard to soil and groundwater pollution in accordance with applicable legislation. The scope of the measures, which is to be implemented in accordance with the regulatory authority's instructions has not yet been established. As the financial liability cannot yet be reliably determined or estimated, this is not recognized for 2020.

The Company has applied for a Mutual Agreement Procedure with the Tax Authorities in early 2020 in connection with the allocation of restructuring expenses incurred in prior periods between Denmark and Belgium. An agreement between the applicable National Competent Authorities has been reached after the balance sheet date. The agreement will not have any additional financial impact to the Danish entity.

No other events have occurred after the balance sheet date up until this date which would influence the evaluation of this annual report.

Income statement for 2020

	Notes	2020 DKK'000	2019 DKK '000
Revenue		56,923	68,686
Production costs		(43,443)	(44,522)
Gross profit/loss		13,480	24,164
Distribution costs		(1,396)	(3,862)
Administrative expenses		(5,975)	(7,509)
Other operating expenses		(13,282)	(15,108)
Operating profit/loss		(7,173)	(2,315)
Income from investments in group enterprises		3,116	5,703
Other financial income		37	6
Other financial expenses		(17)	(18)
Profit/loss before tax		(4,037)	3,376
Tax on profit/loss for the year	3	(1,092)	(26,830)
Profit/loss for the year	4	(5,129)	(23,454)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Land and buildings		30,128	32,022
Plant and machinery		7,470	9,408
Other fixtures and fittings, tools and equipment		639	913
Property, plant and equipment in progress		570	229
Property, plant and equipment	5	38,807	42,572
Investments in group enterprises		0	0
Deferred tax	7	4,602	5,694
Financial assets	6	4,602	5,694
Fixed assets		43,409	48,266
Receivables from group enterprises		11,572	19,585
Other receivables		988	1,199
Prepayments	8	618	668
Receivables		13,178	21,452
Cash	9	34,757	59,655
Current assets		47,935	81,107
Assets		91,344	129,373

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital	10	82,980	82,980
Retained earnings		(39,793)	(34,664)
Equity		43,187	48,316
Provisions for investments in group enterprises	11	34,785	37,901
Provisions		34,785	37,901
Other payables		3,108	1,158
Non-current liabilities other than provisions	12	3,108	1,158
Trade payables		872	1,667
Payables to group enterprises		119	9,373
Tax payable		0	22,114
Other payables		9,273	8,844
Current liabilities other than provisions		10,264	41,998
Liabilities other than provisions		13,372	43,156
Equity and liabilities		91,344	129,373
Events after the balance sheet date	1		
Staff costs	2		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		
Non-arm's length related party transactions	16		
Group relations	17		

Statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	82,980	(34,664)	48,316
Profit/loss for the year	0	(5,129)	(5,129)
Equity end of year	82,980	(39,793)	43,187

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2020	2019
	DKK'000	DKK'000
Wages and salaries	27,310	27,032
Pension costs	2,769	3,080
Other social security costs	490	556
	30,569	30,668
Average number of full-time employees	52	57

Pursuant of section 98(3) of the Danish Financial Statement Act, the Company has omitted disclosing remuneration to the Executive Board.

3 Tax on profit/loss for the year

	2020	2019
	DKK'000	DKK'000
Change in deferred tax	1,092	587
Adjustment concerning previous years	0	26,243
	1,092	26,830

4 Proposed distribution of profit and loss

	2020	2019
	DKK'000	DKK'000
Retained earnings	(5,129)	(23,454)
	(5,129)	(23,454)

5 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	61,232	109,840	9,172	229
Transfers	119	76	53	(248)
Additions	0	0	0	589
Cost end of year	61,351	109,916	9,225	570
Depreciation and impairment losses beginning of year	(29,210)	(100,432)	(8,259)	0
Depreciation for the year	(2,013)	(2,014)	(327)	0
Depreciation and impairment losses end of year	(31,223)	(102,446)	(8,586)	0
Carrying amount end of year	30,128	7,470	639	570

6 Financial assets

	Investments in group enterprises DKK'000	Deferred tax DKK'000
Cost beginning of year	116,500	5,694
Disposals	0	(1,092)
Cost end of year	116,500	4,602
Impairment losses beginning of year	(116,500)	0
Share of profit/loss for the year	3,116	0
Investments with negative equity value transferred to provisions	(3,116)	0
Impairment losses end of year	(116,500)	0
Carrying amount end of year	0	4,602

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Sun Chemical Inks A/S	DK-4600 Køge	A/S	100

7 Deferred tax

	2020 DKK'000	2019 DKK'000
Changes during the year		
Beginning of year	5,694	6,281
Recognised in the income statement	(1,092)	(587)
End of year	4,602	5,694

The company has a material unrecognised tax asset. The tax asset is incumbent upon property, plant and equipment and tax loss carryforward, based on the expected use of the tax asset.

8 Prepayments

Prepayments comprises insurance etc. Related to subsequent financial years.

9 Cash

Cash comprises a group cash pool arrangement between the Group's main bank connections and Sun Chemical Corporation. The cash is available for daily operations according to the Group's instructions.

10 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	1	82,980	82,980
	1		82,980

The Company's share capital consists of 1 share at DKK 82,980k.

11 Provisions for investments in group enterprises

Provisions for investments in group enterprises concern the investments in the subsidiary Sun Chemical Inks A/S, which is recognised according to the equity method. The provision amounts to DKK 34,785k.

12 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK'000
Other payables	3,108
	3,108

13 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Liabilities under rental or lease agreements until maturity in total	941	811

14 Contingent liabilities

A Subordination letter from Sun Chemical Coöperatief U.A. has been issued regarding the subsidiary's intra-group debt that is valid until 5 May 2022. The equity of the subsidiary at 31 December 2020 is negative by DKK 34,785k.

In connection with the shutdown of operations, there is, according to the company's environmental permit, an obligation to implement the necessary measures to prevent future pollution of soil and groundwater and to bring the site back to satisfactory condition with regard to soil and groundwater pollution in accordance with applicable legislation. The scope of the measures, which is to be implemented in accordance with the regulatory authority's instructions has not yet been established. As the financial liability cannot yet be reliably determined or estimated, this is not recognized for 2020.

The Company participates in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of the tax interest, royalties and dividend for the jointly taxed companies.

15 Related parties with controlling interest

The following related parties have a controlling interest in Sun Chemical A/S:

DIC Corporation, Japan, Ultimate parent
Sun Chemical AB, Sweden, Parent

The Company's services consist of processing raw materials and manufacturing products on behalf of group enterprises.

Related parties with significant influence:

The Company's lawyer, who is also Chairman of the Board of Directors, has continuously provided assistance to the Company.

16 Non-arm's length related party transactions

No transactions on non-arm's length are disclosed in the financial statements.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
DIC Corporation, Waterras Tower, 101, Kanda Awajicho 2-chome, Chiyoda-ku, Tokyo 101-0063, Japan

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Sun Chemical Group Coöperatief U.A., Leeuwenveldseweg 3-t, 1382 LV Weesp, The Netherlands.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the provision of services is recognised in the income statement when delivery is made and risk has passed to buyer. Revenue is recognised net of VAT, duties and sales discounts.

Production costs

Production costs comprises direct and indirect costs. Costs of consumable and production staff as well as

depreciation are recognised in production costs.

Distribution costs

Distribution costs comprises cost incurred for distribution of goods sold and also for sales campaigns, including cost for sales and distribution staff and advertising costs.

Administrative expenses

Administrative costs comprise expenses incurred for management and administration of the Entity, including expenses for the administrative staff and Management, stationary and office supplies.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including expenses relating to lease activities and losses from the sale of intangible assets and property, plant and equipment. Restructuring cost are included as other operating expenses.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income , including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses om payablesto group enterprises, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Property, plant and equipment**

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect cost of materials, components, suppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20-40 years
Plant and machinery	5-11 years
Other fixtures and fittings, tools and equipment	5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from sale of property, plant and equipment are calculated as the difference between selling price minus selling cost carrying amount at the time of sale. Profits and losses are recognised in the income statement as other operating income or expenses.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

The Entity's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses is recognised in the income statement.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Entity's share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Entity has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises deposits in the Group's cash pool arrangement.

Other provisions

Other provisions comprise investments in subsidiaries with negative equity, which are recognised and measured according to the equity method.

Other financial liabilities

Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Referring to section 86(4) and 112(1) of the Danish Financial Statement Act, Sun Chemical A/S has not prepared a cash flow statement.