

Imerys Industrial Minerals Denmark A/S

Kønsborgvej 9

7884 Fur

CVR No. 37322318

Annual Report 2021

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 12 July 2022

Thierry Casteran
Chairman



TC 10

Imerys Industrial Minerals Denmark A/S

Contents

Management's Statement	3
Independent Auditors' Report	4
Company Information	6
Management's Review	7
Key Figures and Financial Ratios	9
Income Statement	10
Balance Sheet	11
Statement of changes in Equity	13
Notes	14
Accounting Policies	19

60

Imerys Industrial Minerals Denmark A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of Imerys Industrial Minerals Denmark A/S for the financial year 1 January 2021 - 31 December 2021.

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 assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January 2021 - 31 December 2021.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Fur, 12 July 2022

Executive Board



Olivier Abellan

Supervisory Board



Thierry Casteran
Chairman



Urban Drotz
Member



Peter Overgaard Nielsen
Member

Imerys Industrial Minerals Denmark A/S

Independent Auditors' Report

To the shareholders of Imerys Industrial Minerals Denmark A/S

Opinion

We have audited the financial statements of Imerys Industrial Minerals Denmark A/S for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis of 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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. Management is also responsible for such internal control that 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 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 in preparing the financial statements unless Management either intends to liquidate the Company 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 as to 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 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 the financial statements.

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

- * Identify and assess the risk of material misstatements in 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 override of internal control.

Independent Auditors' Report

- * 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 Company's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and the 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 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 auditors' 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 auditors' 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 financial statements, including the note disclosures, 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's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, 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 conclude that the Management's review 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's review.

Aalborg, 12-07-2022

EY Godkendt Revisionspartnerselskab

CVR-no. 30700228



Hans B. Vistisen

State Authorised Public Accountant
mne23254



Martin Bøgsted

State Authorised Public Accountant
mne40035

Imerys Industrial Minerals Denmark A/S

Company details

Company	Imerys Industrial Minerals Denmark A/S Kønsborgvej 9 7884 Fur
Telephone	0045 97 59 32 22
email	sales-dk@imerys.com
Website	www.damolin.com www.imerys-additivesformetallurgy.com
CVR No.	37322318
Registered office	Skive
Supervisory Board	Thierry Casteran, Chairman Urban Drotz Peter Overgaard Nielsen
Executive Board	Olivier Abellan
Auditors	EY Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A 9000 Aalborg CVR-no.: 30700228



Imerys Industrial Minerals Denmark A/S

Management's Review

The Company's principal activities

Imerys Industrial Minerals Denmark A/S extracts and processes the material moler, which is sold as both powder and granulate products. Moreover, the Company processes and markets a number of complementary - primarily mineral-based - products from Europe, the USA and Asia.

The products are primarily used as absorbents and are sold as cat litter, oil/chemical absorbents, pesticide carrier vehicle as well as a multi-functional component of feed production. Moreover, our mineral products are integrated in a vast number of manufactured products within industry, agriculture and the retail trade. The primary markets of Imerys Industrial Minerals Denmark A/S are in Europe. Sales are effected from Imerys Industrial Minerals Denmark A/S and through distributors in France.

Development in the activities and the financial situation of the Company

The Company's Income Statement of the financial year 1 January 2021 - 31 December 2021 shows a result of TDKK -15.298 and the Balance Sheet at 31 December 2021 a balance sheet total of TDKK 165.106 and an equity of TDKK 24.655. The result for 2021 is below expected level. The result for the year has been affected by the global Covid-19 pandemic, and also the preparation work for and implementation of a new ERP system.

The legal entity is more and more integrated in the international group structure. Existing production and daily administrative activities has in 2021 remained unchanged.

The Company has in 2021 changed accounting policies relating to the valuation method for inventory from FIFO-method (former) to weighted average-method (current). For further information please see change in accounting policies page 18.

Operating risks and environment

Moler is a natural product with a history of some 54 million years. One of the factors that may affect the raw material is pollution from industrialised society. We are very aware of pollution as well as possible sources of pollution in our day-to-day production as it is Imerys Industrial Minerals Denmark A/S's intention always to supply our customers with a pure and eco-friendly natural product. Furthermore, it is essential to Imerys Industrial Minerals Denmark A/S to continue to have sufficient access to extracting moler, which is ensured through close cooperation with relevant authorities in Denmark.

As regards other raw materials, Imerys Industrial Minerals Denmark A/S relies on agreements and close cooperation with foreign key suppliers of mineral deposits.

Although Imerys Industrial Minerals Denmark A/S is continuously striving to substitute fossil fuels by other more carbon-neutral fuels, a significant part of the energy consumption is subject to the market forces for fossil fuels.

Market risks

The individual product groups are subject to different market conditions. Imerys Industrial Minerals Denmark A/S has a broad customer platform without substantial reliance on individual customers; however, an unexpected loss of individual product groups or customer groups might result in increased production costs.

Strategy

It is the strategy that Imerys Industrial Minerals Denmark A/S should develop in a controlled manner by organic growth and potentially, when considered appropriate, by acquisition. Growth will be pursued in the existing business areas focusing on the areas in which Imerys Industrial Minerals Denmark A/S has its core competences.

Targets and expectations for the year ahead

Both industrial and consumer products are sold in keen international competition. 2022 is expected to see a stable market development, and Imerys Industrial Minerals Denmark A/S will therefore focus on increasing its market shares in existing and new market in Europe.

Management's Review

Revenue for 2022 is expected to increase as compared to the level realised for 2021. The Company expects a turnover between 250-265 mDKK during 2022. Focus on efficiency measures will continue in 2022, and earnings are expected to improve compared to financial year 2021. The level of net earnings is forecasted to be between +5 mDKK to -5 mDKK.

The development in 2022 will however be strongly impacted by the global environment due to the war activities in Ukraine which is affecting energy prices strongly. The presence of the Corona virus is also a global risk where customer activities might be affected, but currently the Company rates this risk lower.

Overall, the key elements influencing the development in 2022 are:

- Competitive environment
- Energy prices
- Purchase prices development
- Political environmental decisions and related taxes

Research and development

The Company undertakes research and development in connection with optimisation of production and new own products as well as customized solutions.

Knowledge ressource

It is essential for the company's continued growth to attract and maintain highly skilled labor within all organizational functions. Ongoing development is important in order to maintain the company's competitiveness, which necessitates ongoing investment in the training of company employees. Internally in the Group, a wide range of continuing education programs and knowledge sharing initiatives are offered.

Subsequent events

No events have occurred after the balance sheet date significantly affecting the company's financial position.

The company has received confirmation from the parent company of Calderys Danmark A/S, Calderys Nordic AB, to continue the support of the company to meet liabilities as and when they fall due.

Imerys Industrial Minerals Denmark A/S

Key Figures and Financial Ratios

Over a five-year period, the development of the Company is described by the following financial highlights:
Numbers appear in thousands

	2021	2020	2019	2018	2017
Net turnover	223.616	190.854	191.820	203.648	198.561
Gross profit	22.511	40.939	43.429	53.226	43.196
Operating profit/loss	-19.604	-233	665	19.272	19.492
Net financial expenses	-101	-353	-236	-216	108.426
Profit/loss for the year	-15.298	-122	1.327	15.537	123.082
Total assets	165.106	141.655	128.757	136.687	268.798
Total equity	24.655	39.952	40.074	98.747	238.210
Investment in property, plant and equipment	27.042	7.570	5.332	6.521	14.085
Avg. number of full-time employees	99	101	105	111	111
Return on equity (ROE) (%)	-60,95	-0,30	1,90	9,22	73,89
Return on capital employed (%)	-12,78	-0,17	3,09	9,20	73,90
Solvency ratio (%)	14,93	28,20	31,12	72,20	88,60

For definitions of key ratios, see Accounting and Valuation Principles.

The change in accounting policies relating to the valuation method for inventory from FIFO-method (former) to weighted average-method (current) has not been adjusted in the main and key figures for the period 2017-2020.

Imerys Industrial Minerals Denmark A/S

Income Statement

	Note	2021 TDKK	2020 TDKK
Revenue		223.616	190.854
Cost of production	1	-201.688	-149.915
Other operating income		583	0
Gross result		22.511	40.939
Distribution expenses	1	-4.421	-4.968
Administrative expenses	1	-37.379	-36.204
Other operating expenses		-315	0
Profit from ordinary operating activities		-19.604	-233
Financial income		15	0
Financial expenses	2	-116	-353
Profit from ordinary activities before tax		-19.705	-586
Tax expense on ordinary activities	3	4.407	464
Profit for the year		-15.298	-122

Imerys Industrial Minerals Denmark A/S

Balance Sheet as of 31 December

	Note	2021 TDKK	2020 TDKK
Assets			
Acquired intangible assets	4	6.437	978
Mining rights	5	33.457	33.560
Intangible assets		39.894	34.538
Land and buildings	6	17.096	18.435
Other fixtures, fittings, tools and equipment	7	32.674	24.314
Property, plant and equipment		49.770	42.749
Fixed assets		89.664	77.287
Inventories	8	24.573	21.388
Trade receivables		26.368	20.289
Receivables from group enterprises		3.399	2.587
Current deferred tax		2.770	0
Corporation tax receivables from group enterprises		2.454	3.641
Other receivables		4.950	1.293
Prepayments	9	731	820
Receivables		40.672	28.630
Cash and cash equivalents	10	10.197	14.350
Current assets		75.442	64.368
Assets		165.106	141.655

60

Imerys Industrial Minerals Denmark A/S

Balance Sheet as of 31 December

	Note	2021 TDKK	2020 TDKK
Liabilities and equity			
Share capital	11	2.170	2.170
Retained earnings		22.485	37.782
Proposed dividend for the year	12	0	0
Equity		24.655	39.952
Provisions for deferred tax	13	0	1.637
Other provisions	14	350	350
Provisions		350	1.987
Payables to group enterprises	15	30.012	40.000
Other payables		4.385	4.829
Long-term liabilities other than provisions		34.397	44.829
Trade payables		35.714	20.678
Payables to group enterprises		52.922	21.437
Other payables		17.068	12.772
Short-term liabilities other than provisions		105.704	54.887
Liabilities other than provisions within the business		140.101	99.716
Liabilities and equity		165.106	141.655
Significant events occurring after end of reporting period	16		
Contingent liabilities	17		
Related parties	18		
Other disclosures	19		

6.9

Imerys Industrial Minerals Denmark A/S

Statement of changes in Equity

	Share capital TDKK	Retained earnings TDKK	Proposed dividend for the year TDKK	Total TDKK
Equity 1 January 2021	2.170	37.783	0	39.953
Profit (loss)	0	-15.298	0	-15.298
Equity 31 December 2021	<u>2.170</u>	<u>22.485</u>	<u>0</u>	<u>24.655</u>

Imerys Industrial Minerals Denmark A/S

Notes

	2021	2020
	TDKK	TDKK
1. Employee benefits expense		
Wages and salaries	46.659	44.198
Pensions	3.684	3.347
Social security contributions	1.473	1.504
	51.816	49.049
 Average number of employees	 99	 101
 Remuneration to the Company's management is not disclosed with reference to the Danish Financial Statements Act section 98b(3) no. 2.		
2. Financial expenses		
Interest expenses related to group enterprises	33	0
Other finance expenses	83	353
	116	353
3. Tax expense		
Tax expense on ordinary activities	0	-464
Adjustments for deferred tax	-4.407	0
	-4.407	-464
4. Acquired intangible assets		
Cost at the beginning of the year	3.552	3.552
Addition during the year, incl. improvements	6.375	0
Cost at the end of the year	9.927	3.552
 Depreciation and amortisation at the beginning of the year	 -2.574	 -1.662
Amortisation for the year	-916	-912
Impairment losses and amortisation at the end of the year	-3.490	-2.574
 Carrying amount at the end of the year	 6.437	 978
 Amortised over 3-9 years		

Imerys Industrial Minerals Denmark A/S

Notes

5. Mining rights

	2021	2020
	TDKK	TDKK
Cost at the beginning of the year	38.135	13.861
Addition during the year, incl. improvements	0	24.274
Cost at the end of the year	38.135	38.135
Depreciation and amortisation at the beginning of the year	-4.575	-4.542
Amortisation for the year	-103	-33
Impairment losses and amortisation at the end of the year	-4.678	-4.575
Carrying amount at the end of the year	33.457	33.560

Amortised over consumption/8-9 years

6. Land and buildings

Cost at the beginning of the year	99.970	98.470
Addition during the year, incl. improvements	1.653	1.500
Cost at the end of the year	101.623	99.970
Depreciation and amortisation at the beginning of the year	-81.535	-78.517
Amortisation for the year	-2.992	-3.018
Impairment losses and amortisation at the end of the year	-84.527	-81.535
Carrying amount at the end of the year	17.096	18.435

Amortised over 5-25 years

7. Other fixtures, fittings, tools and equipment

Cost at the beginning of the year	207.307	201.237
Addition during the year, incl. improvements	19.014	6.070
Disposal during the year	-7.127	0
Cost at the end of the year	218.894	207.307
Depreciation and amortisation at the beginning of the year	-182.993	-175.709
Amortisation for the year	-6.143	-7.284
Reversal of impairment losses and amortisation of disposed assets	2.916	0
Impairment losses and amortisation at the end of the year	-186.220	-182.993
Carrying amount at the end of the year	32.674	24.314

Amortised over 3-8 years

Imerys Industrial Minerals Denmark A/S

Notes

8. Inventories

	2021 TDKK	2020 TDKK
<i>Inventories are stated as follows:</i>		
Raw materials and consumables	6.944	8.798
Work in progress	2.054	0
Manufactured goods and goods for resale	15.575	12.590
Inventories in total	24.573	21.388

9. Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums and freight.

10. Cash and cash equivalents

Cash and cash equivalents includes a total of TDKK 4,289 as collateral for bank guarantees.

11. Share capital

A nominal amount of DKK 2,170,000 is owned by:

Calderys Danmark A/S
CVR-no. 23 10 27 14
Hammerholmen 48 E
2650 Hvidovre

Share capital is not divided into classes and no shares have special rights.

12. Proposed distribution of profit

	2021 TDKK	2020 TDKK
Proposed dividend for the year	0	0
Retained earnings	-15.298	-122
	-15.298	-122

13. Provisions for deferred tax

Provision for deferred tax at the beginning of the year	1.637	3.476
Amounts recognised in the income statement for the year	-4.407	-1.839
Balance at the end of the year	-2.770	1.637

Deferred tax has been provided at 22% corresponding to the current tax rate. Deferred tax includes temporary differences relating to intangible assets, property, plant and equipments, other provisions and carry-forward tax losses.

Management has assessed that the company will be able to utilize the tax carry-forward losses within the next 3-5 years, and has therefore recognized the full value of deferred tax assets as of 31 December 2021.

Imerys Industrial Minerals Denmark A/S

Notes

14. Other provisions

	2021 TDKK	2020 TDKK
Re-establishment moler pits	350	350
Balance at the end of the year	350	350

15. Payables to group enterprises

Long-term payables to group enterprises, that are due after 5 years, amounts to TDKK 0 at 31 December 2021.

16. Significant events occurring after end of reporting period

No events have occurred after the balance sheet date significantly affecting the company's financial position.

The Company have been affected by the Corona virus, but not in a way that would make it a significant event in 2021.

The development in 2022 will to some degree depend, among other things, on the prevalence of the Corona virus and its impact on customers and suppliers resulting in possible lower market activity.

17. Contingent assets, liabilities and other financial obligations

A bank guarantee of TDKK 5,248 has been provided to the Municipalities of Morsø and Skive as well as to the Region Midt relating to the restoration of moler pits.

A first pledge letter of indemnity, floating company charge of TDKK 15,000 has been provided to Sydbank.

A bank guarantee of TDKK 825 has been provided to the Region Midt relating to the restoration of moler pits.

A bank guarantee have been issued by SEB bank of TDKK 3,125 for the mining rights of Hulhoejen.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income.

Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Imerys Industrial Minerals Denmark A/S is liable for leasing obligations for a total of TDKK 630.

18. Related parties

Controlling interest lays with:

Imerys S.A., Paris, France - Ultimate parent company
Calderys Danmark A/S, Hvidovre, Denmark - Parent company

Imerys Industrial Minerals Denmark A/S has had the following transactions with related parties:

	2021 TDKK	2020 TDKK
Sales to group enterprises	13.106	17.882
Purchase from group enterprises	32.299	12.821
Receivables from group enterprises	3.399	2.587
Payables to group enterprises	82.934	61.437

Imerys Industrial Minerals Denmark A/S

Notes

19. Consolidated Financial Statements

The Company is included in the Group Annual Report of the Ultimate parent company, Imerys S.A.:

Imerys S.A., RCS Paris 562 008 151 - 43 quai de Grenelle, 75015 Paris, France.



Imerys Industrial Minerals Denmark A/S

Accounting Policies

Reporting Class

The annual report of Imerys Industrial Minerals Denmark A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Change in accounting policies

Imerys Denmark A/S has in March 2021 converted ERP system from XAL to SAP. The conversion has resulted in a change of accounting policies relating to the valuation method for inventory from FIFO-method (former) to weighted average-method (current). Due to technical challenges in connection with the conversion, it has not been possible to quantify the numerical consequences of the change of valuation method. Based on the knowledge of the characteristics of inventories, turnover rate on inventory etc., management has assessed that the change of valuation method does not have a significant impact on the income statement, balance sheet and equity in both 2020 and 2021. Also, it has not been possible to adjust the main and key figures for the period 2017-2019.

Except from the above the accounting policies applied remain unchanged from last year.

Cash flow statement

With reference to ÅRL § 86, para. 4, the cash flow statement is not prepared. The company's cash flows are included in the consolidated cash flow statement for the higher parent company Imerys SA.

Reporting currency

The annual report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under other ordinary income and other ordinary expenses.

Income statement

Revenue

The company has used IAS 11/IAS 18 as an interpretation for revenue recognition.

Revenue from the sale of goods is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end, the revenue can be measured reliably and it is probable that the economic benefits related to the sale will flow to the company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of sales discounts.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation etc., as well as operation, administration and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Accounting Policies

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance sheet

Intangible assets

Intangible assets comprise of acquired intangible rights, patents and licences, which comprise raw material rights and certifications. Raw material rights comprise the right to extract molar and are amortised as the deposits are extracted and consumed. Certifications comprise expenses to obtain sales certifications and are amortised over the certification period.

Acquired intangible rights are measured at cost less accumulated amortisation and less any impairment losses. Amortisation is on a straightline basis over the expected period of usage, which is 3-9 years.

Co2 quotas allocated to the Company are recognised as an asset to the extent that surplus quotas can be ascertained. The portfolio of such free quota allocations which are not used and therefore held for sale is recognised as income in the income statement at expected selling price.

Purchased Co2 quotas are measured at cost less accumulated amortisation. They are amortised over the period in which the emission corresponding to the quota is expected to take place.

Where it is ascertained at the balance sheet date that the portfolio of Co2 quotas is not sufficient to cover Co2 emissions during the year, a provision corresponding to the quota shortage is recognised.

Amortisation periods and residual value are reassessed annually.

Property, plant and equipment

Property, plant and equipment are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual component differ.

Imerys Industrial Minerals Denmark A/S

Accounting Policies

Land and buildings:	5-25 years
Other fixtures and fittings, tools and equipment:	3-8 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at cost using weighted average prices. Where the net realizable value is lower than cost, the inventories are written down to this lower value.

The net realizable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

The cost of goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

The cost of goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

The company has used IAS 39 as an interpretation for impairment of financial receivables.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Provisions

Other provisions include warranty obligations in respect of repair work within the warranty period of moler pits. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Accounting Policies

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Liabilities

Other liabilities, comprising deposits, trade payables and other accounts payable, are measured at amortised cost, which usually corresponds to the nominal value.

Explanation of financial ratios

Return on equity (%)	=	$\frac{\text{Profit/loss for the year}}{\text{Avg. equity}}$
Return on capital employed (%)	=	$\frac{(\text{Operating profit} + \text{Financial income}) \times 100}{\text{Avg. assets}}$
Equity interest (equity ratio) (%)	=	$\frac{\text{Total equity} \times 100}{\text{Total liabilities}}$