

Leca Danmark A/S

Randersvej 75, 8940 Randers SV
CVR no. 38 31 79 62

Annual report for 2021

This annual report has been adopted at the
annual general meeting on 16.05.22



Chairman of the meeting
Torben Dyrberg


NW
NW
FM
FM

Company information etc.	3
Statement by the Executive Board and Board of Directors on the annual report	4
Independent auditor's report	5 - 7
Management's review	8 - 11
Income statement	12
Balance sheet	13 - 14
Statement of changes in equity	15
Notes	16 - 30

The company

Leca Danmark A/S
Randersvej 75
8940 Randers SV
Registered office: Randers
CVR no.: 38 31 79 62
Financial year: 01.01 - 31.12
5th financial year

Executive Board

Torben Ludvig Dyrberg

Board of Directors

Francois Michel
Antonio Bruno Frederik Bressan
Torben Ludvig Dyrberg
Nicole Wilming

Auditors

PricewaterhouseCoopers
Statsautoriseret revisionspartnerselskab

Parent company

Saint-Gobain Denmark A/S

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.21 - 31.12.21 for Leca Danmark A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.21 and of the results of the company's activities for the financial year 01.01.21 - 31.12.21.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Randers SV, May 16, 2022

Executive Board

Torben Ludvig Dyrberg

Board of Directors

Francois Michel

Francois Michel (May 17, 2022 08:39 GMT+2)

Francois Michel
Chairman



Torben Ludvig Dyrberg



Antonio Bruno Frederik Bressan



Nicole Wilming (May 17, 2022 08:03 GMT+2)

Nicole Wilming

To the Shareholder of Leca Danmark A/S**Opinion**

In our opinion the Financial Statements give a true and fair view of the financial position of the Company at 31.12.21 and of the results of the Company's operations for the financial year 01.01.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

We have audited the Financial Statements of Leca Danmark A/S for the financial year 01.01.21 - 31.12.21, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (Financial Statements).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of Management's Review.

Management's responsibility 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 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 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 judgment and maintain professional skepticism 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 Company'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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Hellerup, May 16, 2022

PricewaterhouseCoopers

Statsautoriseret revisionspartnerselskab
CVR no. 33771231


Bo Schou Jacobsen
State Authorized Public Accountant
MNE-no. mne28703


Henrik Hornbæk
State Authorized Public Accountant
MNE-no. mne32802

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2021	2020	2019	2018	2017
<i>Profit/loss</i>					
Gross profit	92,765	92,431	92,282	76,397	62,099
Operating profit	33,655	38,847	51,528	26,238	27,940
Total net financials	444	-2,979	-943	-446	-175
Profit for the year	25,787	27,265	39,028	19,848	21,373
<i>Balance</i>					
Total assets	299,677	272,605	277,171	204,469	159,564
Investments in property, plant and equipment	28,625	36,235	66,232	51,347	18,385
Equity	112,825	106,038	108,773	84,745	80,897

Ratios

	2021	2020	2019	2018	2017
<i>Profitability</i>					
Return on equity	24%	25%	40%	24%	26%
<i>Equity ratio</i>					
Solvency ratio	38%	39%	39%	41%	51%

Ratios definitions

Return on equity:
$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Solvency ratio:
$$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$$

The ratios have been computed in accordance with the recommendations of the Danish Society of Financial Analysts (Den Danske Finansanalytikerforening).

Primary activities

The company's activities consist of production and business-to-business sales of Leca products, which are used for insulation, basements walls, foundation, protection against penetration of radon and ground deck etc. The company's products are primarily sold in Denmark and on the European market.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a profit/loss of DKK 25,787,192 against DKK 27,264,988 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK 112,825,111.

The company has during the year taken a new incineration plant into use.

The management considers the net profit for the year to be satisfactory.

The earnings expectations for 2021 were met and were primarily driven by sales to a stable Danish market and continued improvements in productivity and reduction of operating costs.

Outlook

The company expects a positive result before tax for the coming year at the same level as 2021. A continued positive and stable trend in the Danish market is expected.

Knowledge resources

The company strives to have an organization with significant diversity in education, experience, gender, age and cultural background. This diversity and the competences of the people supports and encourages innovation, learning, and helps building the organizational culture that will enable us to deliver on our strategic targets.

Financial risks*Price risks*

Increased costs of commodities and energy costs in 2021 have been partly offset by efficiency improvements. The company continues to focus on optimizing the use of resources and improving efficiency.

Interest rate risks

The company's cash is managed in accordance with the Saint-Gobain Group agreement. All financial transactions are managed within the Group and risks are thereby minimized.

Other risks

The activity in the English market, which is managed through the company's branch in the UK, can be affected by "Brexit". However, the effect is still difficult to estimate and the company continues to monitor the development closely and is prepared to respond quickly to any developments in order to ensure that the risk is minimized.

External environment

The company focuses on and allocates resources for the work on improvements and investments in the environmental area. Based on the company's policies, objectives and goals, there are action plans that ensure a continuous reduction of the company's environmental impact. The company is certified according to DS / EN ISO 14000: 2008.

Subsequent events

No important events have occurred after the end of the financial year.

Branches abroad

The company has a branch in England in charge of sales of the company's products in the local markets.

Income statement

Note		2021 DKK	2020 DKK
1	Gross profit	92,765,275	92,431,296
	Distribution costs	-42,897,581	-35,521,079
	Administration costs	-14,440,088	-11,952,409
	Other operating expenses	-1,772,846	-6,110,333
	Operating profit	33,654,760	38,847,475
	Financial income	2,318,653	694,301
4	Financial expenses	-1,874,489	-3,673,524
	Profit before tax	34,098,924	35,868,252
5	Tax on profit for the year	-8,311,732	-8,603,264
	Profit for the year	25,787,192	27,264,988
6	Distribution of net profit		

ASSETS		31.12.21	31.12.20
		DKK	DKK
Note			
	Acquired rights	987,991	1,847,236
	Goodwill	6,197,588	8,521,683
7	Total intangible assets	7,185,579	10,368,919
	Land and buildings	37,092,873	30,087,999
	Plant and machinery	169,556,035	109,092,443
	Other fixtures and fittings, tools and equipment	1,807,835	3,459,272
	Property, plant and equipment under construction	3,353,798	54,499,508
8	Total property, plant and equipment	211,810,541	197,139,222
	Total non-current assets	218,996,120	207,508,141
	Raw materials and consumables	12,845,778	11,788,717
	Manufactured goods and goods for resale	21,406,613	17,624,002
	Total inventories	34,252,391	29,412,719
	Trade receivables	22,614,571	18,552,696
	Receivables from group enterprises	15,138,971	11,148,329
	Income tax receivable	4,679,547	4,058,141
	Other receivables	3,142,977	1,330,582
	Prepayments	852,611	594,170
	Total receivables	46,428,677	35,683,918
	Total current assets	80,681,068	65,096,637
	Total assets	299,677,188	272,604,778

EQUITY AND LIABILITIES

Note		31.12.21 DKK	31.12.20 DKK
9	Share capital	510,000	510,000
	Retained earnings	68,928,111	86,527,919
	Proposed dividend for the financial year	43,387,000	19,000,000
	Total equity	112,825,111	106,037,919
10	Provisions for deferred tax	5,514,414	7,543,524
11	Other provisions	33,350,985	0
	Total provisions	38,865,399	7,543,524
12	Payables to group enterprises	35,001,723	50,002,875
12	Deferred income	34,182,830	38,318,160
	Total long-term payables	69,184,553	88,321,035
12	Short-term part of long-term payables	4,135,330	2,102,829
	Trade payables	41,688,456	24,842,549
	Payables to group enterprises	9,818,507	19,060,530
	Other payables	23,159,832	24,696,392
	Total short-term payables	78,802,125	70,702,300
	Total payables	147,986,678	159,023,335
	Total equity and liabilities	299,677,188	272,604,778
13	Contingent liabilities		
14	Charges and security		
15	Related parties		
15	Subsequent events		
16	Accounting policies		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.21 - 31.12.21				
Balance as at 01.01.21	510,000	86,527,919	19,000,000	106,037,919
Dividend paid	0	0	-19,000,000	-19,000,000
Net profit/loss for the year	0	-17,599,808	43,387,000	25,787,192
Balance as at 31.12.21	510,000	68,928,111	43,387,000	112,825,111

1. Special items

Special items are income and expenses that are special due to their size and nature.
Gross profit includes costs of CO2 quotas of DKK 33.4 million (2020: DKK 20 million).

	2021 DKK	2020 DKK
--	-------------	-------------

2. Employee aspects

Wages and salaries	46,549,440	43,750,942
Pensions	3,601,631	3,523,321
Other social security costs	779,791	663,997

Total	50,930,862	47,938,260
-------	------------	------------

Total staff costs comprise:

Production costs	31,043,682	29,011,727
Distribution costs	7,909,109	6,875,728
Administration costs	11,978,072	12,050,805

Total	50,930,863	47,938,260
-------	------------	------------

Average number of employees during the year	83	84
---	----	----

2. Employee aspects - continued -

The company has chosen to apply the exemption provision for disclosure of management salaries according to the rules in section 98b (3) of the Danish Financial Statements Act.

The board does not receive any salaries.

Incentive programmes:

The Saint-Gobain Group has established a share-based remuneration program for the Executive Board and senior executives of Saint-Gobain Denmark A/S. The senior executives are awarded a number of shares annually, which are tied for 4 years, after which they are released without payment. The receipt of the shares is conditional on the shareholder being in a vacant position, with certain exceptions, at the time of release. At the same time, the allocation of 65% of the shares is conditional on the size of the key figure "return on invested capital", while the allocation of 20% of the shares is conditional on the share price at the time of the acquisition. The last 15% is conditional on the company's CPI regarding Social Responsibility. However, the first 100 shares are released regardless of fulfillment of the criteria. Special provisions apply regarding sickness and death and changes in the company's capital structure etc. The share program is recognized as an equity-based scheme. Settlement to the parent company is posted in equity and amounts to t.DKK 271 in 2021.

3. Other operating expenses

Other operating expenses include losses on disposal of property, plant and equipment of t.DKK 649 (t.DKK 2,308 in 2020), restructuring costs regarding employees t.DKK 0 (t.DKK 709 in 2020) and idle costs t.DKK 1,124 (t.DKK 3,093 in 2020).

	2021 DKK	2020 DKK
--	-------------	-------------

4. Financial expenses

Interest, group enterprises	378,937	313,080
Other interest expenses	143,468	307,187
Foreign currency translation adjustments	1,313,601	3,023,373
Other financial expenses	38,483	29,884
Other financial expenses total	1,495,552	3,360,444
Total	1,874,489	3,673,524

5. Tax on profit for the year

Tax on profit or loss for the year	9,335,693	5,676,886
Adjustment of deferred tax for the year	-2,029,110	-3,471,062
Adjustment of deferred tax in respect of previous years	0	6,397,440
Adjustment of tax in respect of previous years	1,005,149	0
Total	8,311,732	8,603,264

6. Distribution of net profit

Proposed dividend for the financial year	43,387,000	19,000,000
Retained earnings	-17,599,808	8,264,988
Total	25,787,192	27,264,988

7. Intangible assets

Figures in DKK	Acquired rights	Goodwill	Total
Cost as at 01.01.21	4,959,811	16,087,904	21,047,715
Cost as at 31.12.21	4,959,811	16,087,904	21,047,715
Amortisation and impairment losses as at 01.01.21	-3,112,575	-7,566,221	-10,678,796
Amortisation during the year	-859,245	-2,324,095	-3,183,340
Amortisation and impairment losses as at 31.12.21	-3,971,820	-9,890,316	-13,862,136
Carrying amount as at 31.12.21	987,991	6,197,588	7,185,579

8. Property, plant and equipment

Figures in DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Cost as at 01.01.21	131,463,690	231,004,056	22,851,187	54,499,508
Additions during the year	1,829,555	23,442,010	0	3,353,798
Disposals during the year	-100,000	0	-14,159,345	0
Transfers during the year to/from other items	7,372,487	47,127,021	0	-54,499,508
Cost as at 31.12.21	140,565,732	301,573,087	8,691,842	3,353,798
Depreciation and impairment losses as at 01.01.21	-101,375,691	-121,911,614	-19,391,915	0
Depreciation during the year	-2,097,168	-10,105,438	-1,103,624	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	13,611,532	0
Depreciation and impairment losses as at 31.12.21	-103,472,859	-132,017,052	-6,884,007	0
Carrying amount as at 31.12.21	37,092,873	169,556,035	1,807,835	3,353,798

9. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	510,000	510,000

The share capital has been fully paid in at the balance sheet date.

	31.12.21 DKK	31.12.20 DKK
--	-----------------	-----------------

10. Deferred tax

Deferred tax as at 01.01.21	7,543,524	11,014,586
Deferred tax recognised in the income statement	-2,029,110	-3,471,062
Deferred tax as at 31.12.21	5,514,414	7,543,524

11. Other provisions

Figures in DKK	Other provisions
Provisions as at 01.01.21	0
Provisions during the year	33,350,985
Provisions as at 31.12.21	33,350,985

	31.12.21 DKK	31.12.20 DKK
--	-----------------	-----------------

Other provisions are expected to be distributed as follows:

Due 1-5 years	33,350,985	0
---------------	------------	---

Other provisions relate to CO2 quotas payables.

12. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.21	Total payables at 31.12.20
Payables to group enterprises	0	0	35,001,723	50,002,875
Deferred income	4,135,330	17,532,412	38,318,160	40,420,989
Total	4,135,330	17,532,412	73,319,883	90,423,864

Deferred income comprises of grants received on account for the construction of assets. The total grant to be received will be recognized as income over the useful life of the related asset when the related assets is ready for use.

13. Contingent liabilities*Lease commitments*

The company has concluded lease agreements for cars and operating equipment. The remaining payment consists of a total of DKK 6,364 thousand, which falls due within 5 years. Of this, DKK 1,906 thousand falls due within 12 months.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is unlimited and jointly liable together with the jointly taxed companies for income taxes and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

14. Charges and security

The company has provided a guarantee to the Region Midtjylland regarding an obligation for remediation and restoration for gravel and clay graves for DKK 3,500 thousand. In the balance sheet, DKK 0 has been allocated for restoration.

15. Related parties

Controlling influence	Basis of influence
Saint-Gobain Denmark A/S	Parent company
Compagnie de Saint-Gobain, Frankrig	Ultimate parent company

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

The company is included in the consolidated financial statements of the parent Compagnie de Saint-Gobain, Frankrig.

16. Subsequent events

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

17. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

17. Accounting policies - continued -**LEASES**

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

INCOME STATEMENT**Gross profit**

According to section 32 of the Danish Financial Statements Act gross profit comprises revenue and production costs as well as other operating income.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries, utilisation of CO2 quotas and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

17. Accounting policies - continued -**Distribution costs**

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

Administrative costs

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative costs.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income and gains on the sale of intangible assets and property, plant and equipment.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	3-5	0
Goodwill	7	0
Buildings	15-25	0
Plant and machinery	3-15	0
Other plant, fixtures and fittings, tools and equipment	3-7	0

Goodwill is amortised over 7 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

17. Accounting policies - continued -**Other operating expenses**

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to losses on the sale of intangible assets and property, plant and equipment.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET**Intangible assets***Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

17. Accounting policies - continued -

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Clay deposits and sand pit, which are included in land and buildings, are measured at cost less the calculated value of excavated clay and sand. The calculated value of clay and sand is expensed under production costs.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

17. Accounting policies - continued -**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

17. Accounting policies - continued -**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Receivables for which there is no objective evidence of individual impairment are assessed for objective evidence of impairment at portfolio level. The objective indicators used at portfolio level are based on historical experience.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years. Prepayments consist of prepaid expenses relating to administration.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Provisions

Other provisions comprise expected expenses for CO2 quotas etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

17. Accounting policies - continued -

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income

Deferred income under liabilities comprise of grants received for the construction of assets.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.