



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

CVR: 15 91 56 41

STORE KONGENSGADE 68
1264 KØBENHAVN K

TLF: 33 30 15 15
E-MAIL: CK@CK.DK
WEB: WWW.CK.DK

BJØRN THORSEN A/S

Søholm Park 1, 2900 Hellerup

Company reg. no. 89 81 04 18

Annual report

1 May 2017 - 30 April 2018

The annual report has been submitted and approved by the general meeting on the 27 August 2018.

Peter Adser
Chairman of the meeting



Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management's review	
Company data	5
Financial highlights	6
Management's review	7
Annual accounts 1 May 2017 - 30 April 2018	
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	13
Notes	14
Accounting policies used	19

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.



Management's report

The board of directors and the executive board have today presented the annual report of BJØRN THORSEN A/S for the financial year 1 May 2017 to 30 April 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 30 April 2018 and of the company's results of its activities in the financial year 1 May 2017 to 30 April 2018.

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

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

Hellerup, 23 August 2018

Executive board

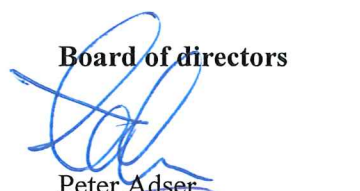


Svend Christian Rimestad
Director

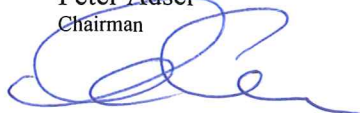
Lars Rønsholt
Director

Claus Adser
Director

Board of directors



Peter Adser
Chairman



Claus Adser



Svend Christian Rimestad



Lars Rønsholt



Søren Stub Rasmussen



Bo Gunnar Norman



Lars Mikael Andersson



Independent auditor's report

To the shareholders of BJØRN THORSEN A/S

Opinion

We have audited the annual accounts of BJØRN THORSEN A/S for the financial year 1 May 2017 to 30 April 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 April 2018 and of the results of the company's operations for the financial year 1 May 2017 to 30 April 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

The management's responsibilities for the annual accounts

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

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

Auditor's responsibilities for the audit of the annual accounts

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



Independent auditor's report

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

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

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

Statement on the management's review

The management is responsible for the management's review.

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



Independent auditor's report

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

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

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

Copenhagen, 23 August 2018

Christensen Kjarulff

Company reg. no. 15 91 56 41

John Mikkelsen
State Authorised Public Accountant
MNE-nr. 26748



Company data

The company

BJØRN THORSEN A/S
Søholm Park 1
2900 Hellerup

Company reg. no. 89 81 04 18
Established: 18 June 1982
Domicile: Hellerup
Financial year: 1 May - 30 April

Board of directors

Peter Adser, Chairman
Svend Christian Rimestad
Søren Stub Rasmussen
Claus Adser
Lars Rønsholt
Bo Gunnar Norman
Lars Mikael Andersson

Executive board

Svend Christian Rimestad, Director
Lars Rønsholt, Director
Claus Adser, Director

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K



Financial highlights

DKK in thousands.	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
Profit and loss account:					
Gross profit	36.824	36.477	34.296	36.495	32.182
Results from operating activities	16.478	16.756	15.620	18.798	15.546
Net financials	1.904	1.835	1.886	1.342	1.438
Results for the year	14.539	14.545	13.725	15.426	12.858
Balance sheet:					
Balance sheet sum	177.253	186.110	163.990	157.245	154.920
Investments in tangible fixed assets represent	690	157	993	853	302
Equity	74.053	70.014	66.469	64.239	60.819
Employees:					
Average number of full time employees	32	24	25	18	14
Key figures in %:					
Acid test ratio	164,0	153,3	162,3	164,6	159,9
Solvency ratio	41,8	37,6	40,5	40,9	39,3
Return on equity	20,2	21,3	21,0	24,7	22,2

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



Management's review

The principal activities of the company

The company's principal activities are sales of raw materials, primarily paint/coating and plastics for the chemical process industry as well as the rubber industry in the Nordic countries.

Development in activities and financial matters

The gross profit for the year is DKK 36.824.065 against DKK 36.476.903 last year. The results from ordinary activities after tax are DKK 14.538.813 against DKK 14.545.259 last year. The management consider the results satisfactory.

Special risks

Particular Risks

The group's use of raw materials does not entail essential price risks due to the minor price fluctuations existing on the market, as price increases are rarely significant.

Currency Risks

The group's activities abroad entail that the result, cash flow and equity are minimally affected by the development of exchange rates and interest rates. It is the policy of the corporation to cover commercial currency risks when these are regarded significant. Currently, there is no covering currency risks as these are considered to be ignorable.

Interest risks

Since the interest borne net debts does not represent a significant amount, moderate changes of the interest level will have no significantly direct effect on the profitability. Hence, no interest positions to cover interest risks are made.

Environmental Aspects

It is the goal of the company to reduce its environmental tolerance as compared to year 2016/17, However, no targets have been established due to the fact that growth of net revenue is expected compared to 2016/17.

The day-to-day monitoring of environmental issues is based on an environmentally responsible operation and is a natural part of the company's targets on product quality and production.

Also agreements have been made with cooperation partners on a genuine reduction of CO₂ in connection with production and transportation. Through dialogue and comprehension, arrangements have been made with subsuppliers on limitation of CO₂ derivation.

The company's primary suppliers are all environmentally certified.

Know how resources

The company's business idea prescribes products of high quality. This requires particularly skillful knowhow resources from the staff and from the business procedures.



Management's review

To continually produce such solutions it is of considerable importance that the company is able to recruit and maintain employees with a high level of education. It is the company's target to possess the newest know-how for swift readjustments. The mix of employees is an important indicator and the share with a high education makes 45%.

The critical business processes connected to sale of products are service, quality, consultancy and individual solutions. To secure that clients receive the agreed performances it is required that the individual methods and procedures are documented. The company's required performance on this is measured through statistics on timely deliveries and number of complaints being important indicators on the functionality of the business procedures.

It is the company's opinion that timely deliveries are conducted and that customer complaints are ignorable.

The expected development

Results for 2017/18 have been in accordance with the expectations.

For the financial year 2018/19 similar positive results are expected.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Statement of Corporate Social Responsibility, according to § 99A of the Danish Financial Statements Act

BJØRN THORSEN A/S is aware of its economical, environmental and social responsibilities and is committed to a sustainable corporate policy.

The shareholders and management of the corporation are committed to the long-term health and working ability of the staff and employees and to an efficient environmental protection, and social responsibility is part of BJØRN THORSEN A/S' value norms. BJØRN THORSEN A/S is constantly looking to optimize this and to contribute to a global sustainable development.

Largely, BJØRN THORSEN A/S is supporting the ten principles on social responsibility of the UN, however the company is not connected to the UN Global Compact.

In view of the size of the corporation, its activities and the markets in which the group is operating, the Board of Directors has decided not to adopt policies on voluntary integration of the corporation's social responsibility, neither policies on human rights nor climate. It is constantly being evaluated whether a need to adopt policies on this area is required.



Management's review

Target figures and policies for the under-represented sex

The Board of Directors has not for 2017/18 established a target for the underrepresented sex amongst the board members elected by the general assembly.

Considering the activities of the group, the Board of Directors is endeavoring variety at all levels of the group and whereby both sexes are given equal conditions to reach a position in the upper management levels both in connection with new employments and the composition of the management.

However, the Board of Directors is of the opinion that a fixed level of variety would not in all cases be compatible with optimal management. Hence, the Board of Directors has not at this time found it appropriate to assume concrete targets on variety in the group's further management levels.



Profit and loss account 1 May - 30 April

All amounts in DKK.

<u>Note</u>	<u>2017/18</u>	<u>2016/17</u>
Gross profit	36.824.065	36.476.903
1 Staff costs	-18.905.441	-18.272.148
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	<u>-1.440.639</u>	<u>-1.449.108</u>
Operating profit	16.477.985	16.755.647
Income from equity investments in group enterprises	575.577	309.924
Other financial income	2.072.612	2.271.524
2 Other financial costs	<u>-743.852</u>	<u>-746.036</u>
Results before tax	18.382.322	18.591.059
Tax on ordinary results	<u>-3.843.509</u>	<u>-4.045.800</u>
3 Results for the year	<u>14.538.813</u>	<u>14.545.259</u>



Balance sheet 30 April

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Assets		
Fixed assets		
4 Acquired concessions, patents, licenses, trademarks and similar rights	811.099	734.080
5 Goodwill	1.810.793	2.458.802
Intangible fixed assets in total	<u>2.621.892</u>	<u>3.192.882</u>
6 Other plants, operating assets, and fixtures and furniture	1.047.734	1.159.099
Tangible fixed assets in total	<u>1.047.734</u>	<u>1.159.099</u>
7 Equity investments in group enterprises	4.275.883	3.861.470
8 Deposits	130.372	126.058
Financial fixed assets in total	<u>4.406.255</u>	<u>3.987.528</u>
Fixed assets in total	<u>8.075.881</u>	<u>8.339.509</u>
Current assets		
Raw materials and consumables	75.150.297	71.583.541
Inventories in total	<u>75.150.297</u>	<u>71.583.541</u>
Trade debtors	78.411.000	101.358.393
Amounts owed by group enterprises	1.613.097	2.455.858
Receivable corporate tax	935.005	0
Other debtors	753.323	10.894
9 Accrued income and deferred expenses	219.159	502.202
Debtors in total	<u>81.931.584</u>	<u>104.327.347</u>
10 Available funds	12.094.806	1.859.982
Current assets in total	<u>169.176.687</u>	<u>177.770.870</u>
Assets in total	<u>177.252.568</u>	<u>186.110.379</u>



Balance sheet 30 April

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Equity and liabilities		
Equity		
Contributed capital	1.250.000	1.250.000
Reserves for net revaluation as per the equity method	1.537.497	961.920
Results brought forward	70.265.287	57.302.051
Proposed dividend for the financial year	1.000.000	10.500.000
Equity in total	<u>74.052.784</u>	<u>70.013.971</u>
Provisions		
11 Provisions for deferred tax	74.237	169.520
Provisions in total	<u>74.237</u>	<u>169.520</u>
Liabilities		
Bank debts	29.683.859	31.762.459
Trade creditors	37.460.343	43.516.180
Debt to group enterprises	15.877.352	19.301.298
Corporate tax	3.938.792	2.620.051
Other debts	16.165.201	18.726.900
Short-term liabilities in total	<u>103.125.547</u>	<u>115.926.888</u>
Liabilities in total	<u>103.125.547</u>	<u>115.926.888</u>
Equity and liabilities in total	<u>177.252.568</u>	<u>186.110.379</u>

12 Contingencies



Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Reserves for net revaluation as per the equity method</u>	<u>Results brought forward</u>	<u>Proposed dividend for the financial year</u>	<u>In total</u>
Equity 1 May 2016	1.250.000	651.996	53.566.716	11.000.000	66.468.712
Distributed dividend	0	0	0	-11.000.000	-11.000.000
Share of results	0	327.000	3.735.335	10.500.000	14.562.335
Exchange rate adjustments	0	-17.076	0	0	-17.076
Equity 1 May 2017	1.250.000	961.920	57.302.051	10.500.000	70.013.971
Distributed dividend	0	0	0	-10.500.000	-10.500.000
Share of results	0	575.577	12.963.236	1.000.000	14.538.813
	1.250.000	1.537.497	70.265.287	1.000.000	74.052.784



Notes

All amounts in DKK.

	<u>2017/18</u>	<u>2016/17</u>
1. Staff costs		
Salaries and wages	18.361.599	17.738.777
Other costs for social security	117.504	113.944
Other staff costs	426.338	419.427
	<u>18.905.441</u>	<u>18.272.148</u>
Executive board	3.186.000	2.956.000
Board of directors	382.860	399.215
	<u>3.568.860</u>	<u>3.355.215</u>
Average number of employees	<u>32</u>	<u>24</u>
2. Other financial costs		
Financial costs, group enterprises	314.275	349.548
Other financial costs	429.577	396.488
	<u>743.852</u>	<u>746.036</u>
3. Proposed distribution of the results		
Reserves for net revaluation as per the equity method	575.577	309.924
Dividend for the financial year	1.000.000	10.500.000
Allocated to results brought forward	12.963.236	3.735.335
Distribution in total	<u>14.538.813</u>	<u>14.545.259</u>



Notes

All amounts in DKK.

4. Acquired concessions, patents, licenses, trademarks and similar rights

Cost 1 May	2.415.142	0
Additions during the year	484.003	502.827
Disposals during the year	0	-41.446
Transfers	0	1.953.761
Cost 30 April	2.899.145	2.415.142
Amortisation and writedown 1 May	-1.681.063	1
Amortisation for the year	-406.983	-251.677
Transfer of writedown, opening balance	0	-1.470.832
Reversal of depreciation, amortisation and writedown, assets disposed of	0	41.446
Amortisation and writedown 30 April	-2.088.046	-1.681.062
Book value 30 April	811.099	734.080

5. Goodwill

Cost 1 May	5.866.570	11.363.658
Additions during the year	0	892.016
Disposals during the year	-1.256.629	-4.739.167
Transfers	0	-1.649.937
Cost 30 April	4.609.941	5.866.570
Amortisation and writedown 1 May	-3.407.768	-9.014.761
Amortisation for the year	-648.009	-782.111
Depreciation, amortisation and writedown for the year, assets disposed of	1.256.629	4.739.167
Transfer of writedown, opening balance	0	1.649.937
Amortisation and writedown 30 April	-2.799.148	-3.407.768
Book value 30 April	1.810.793	2.458.802



Notes

All amounts in DKK.

	<u>30/4 2018</u>	<u>30/4 2017</u>
6. Other plants, operating assets, and fixtures and furniture		
Cost 1 May	3.150.040	5.308.670
Additions during the year	690.259	156.680
Disposals during the year	-1.005.712	-361.549
Transfers	0	-1.953.761
Cost 30 April	<u>2.834.587</u>	<u>3.150.040</u>
Depreciation and writedown 1 May	-1.990.940	-3.388.002
Depreciation for the year	-409.159	-435.320
Depreciation, amortisation and writedown for the year, assets disposed of	613.246	0
Transfer of writedown, opening balance	0	1.470.832
Reversal of depreciation, amortisation and writedown, assets disposed of	0	361.549
Depreciation and writedown 30 April	<u>-1.786.853</u>	<u>-1.990.941</u>
Book value 30 April	<u>1.047.734</u>	<u>1.159.099</u>
7. Equity investments in group enterprises		
Acquisition sum, opening balance 1 May	2.897.230	869.550
Translation by use of the exchange rate valid on balance sheet date	-6.270	-2.320
Additions during the year	0	2.030.000
Disposals during the year	-139.000	0
Cost 30 April	<u>2.751.960</u>	<u>2.897.230</u>
Revaluations, opening balance 1 May	964.240	651.996
Translation by use of the exchange rate valid on b	-29.102	-17.076
Results for the year before goodwill amortisation	610.948	316.642
Other movements in capital	-22.163	12.678
Revaluation 30 April	<u>1.523.923</u>	<u>964.240</u>
Book value 30 April	<u>4.275.883</u>	<u>3.861.470</u>



Notes

All amounts in DKK.

	<u>30/4 2018</u>	<u>30/4 2017</u>
8. Deposits		
Cost 1 May	126.058	0
Additions during the year	<u>4.314</u>	<u>126.058</u>
Cost 30 April	<u>130.372</u>	<u>126.058</u>
Book value 30 April	<u>130.372</u>	<u>126.058</u>
9. Accrued income and deferred expenses		
Prepayments, creditors	6.122	27.932
Other prepayments/deferred income	200.546	341.237
Prepayments, fair	<u>12.491</u>	<u>133.033</u>
	<u>219.159</u>	<u>502.202</u>
10. Available funds		
Cash	15.976	11.550
Bank account	<u>12.078.830</u>	<u>1.848.432</u>
	<u>12.094.806</u>	<u>1.859.982</u>
11. Provisions for deferred tax		
Provisions for deferred tax 1 May	169.520	169.520
Deferred tax of the results for the year	<u>-95.283</u>	<u>0</u>
	<u>74.237</u>	<u>169.520</u>

12. Contingencies

Joint taxation

Adserbi A/S, company reg. no 87802310 being the administration company, the company is subject to the Danish scheme of joint taxation and, as from the financial year 2012, it is proportionally liable for tax claims within the joint taxation scheme.

As from 1 July 2012, the company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.



Notes

All amounts in DKK.

12. Contingencies (continued)

Joint taxation (continued)

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.



Accounting policies used

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

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

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of BJØRN THORSEN A/S and its group enterprises are included in the consolidated annual accounts for Adserbi A/S, Hellerup, CVR nr. 87802310.

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

Recognition and measurement in general

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

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

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

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

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

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



Accounting policies used

The profit and loss account

Gross profit

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

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

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

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

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

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

Depreciation, amortisation and writedown

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

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.



Accounting policies used

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

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

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 10 years.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.



Accounting policies used

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 25 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Tangible fixed assets

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

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

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

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

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

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>2-8 years</i>

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

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



Accounting policies used

As regards assets of own production, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.



Accounting policies used

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategic acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at fair value. The measurement is made on the basis of a returnbased cash flow model based on expected future net cash flow over a period of 5 years and a terminal period. Furthermore, the fair value is adjusted for net interest-bearing debt.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Inventories

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

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

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

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

Accrued income and deferred expenses

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



Accounting policies used

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Dividend

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

Corporate tax and deferred tax

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

According to the rules of joint taxation, BJØRN THORSEN A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

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

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

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

Liabilities

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



Accounting policies used

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Liabilities relating to investment properties are measured at amortised cost.

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