CHRISTENSEN
KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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BJØRN THORSEN A/S

Søholm Park 1, 2900 Hellerup

Company reg. no. 89 81 04 18

Annual report

1 May 2018 - 30 April 2019

The annual report has been submitted and approved by the general meeting on the

Claus Adser
Chairman of the meeting

Contents

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 2018 to 30 April 2019.

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 2019 and of the company's results of its activities in the financial year 1 May 2018 to 30 April 2019.

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, 6 September 2019

Executive board

Svend Christian Rimestad Director	Lars Rørnholt Director	Claus Adser Director

Board of directors

Peter Adser	Svend Christian Rimestad	Søren Stub Rasmussen
Claus Adser	Lars Rørnholt	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 2018 to 30 April 2019, 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 2019 and of the results of the company's operations for the financial year 1 May 2018 to 30 April 2019 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.

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.

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, 6 September 2019

Christensen Kjærulff

Company reg. no. 15 91 56 41

John Mikkelsen
State Authorised Public Accountant
mne26748

Company data

The company	BJØRN THORSEN A/S Søholm Park 1 2900 Hellerup	
	Phone	(+45) 35 43 88 43
	Web site	www.bjorn-thorsen.com
	Company reg. no.	89 81 04 18
	Established:	1 September 1969
	Domicile:	Hellerup
	Financial year:	1 May - 30 April
Board of directors	Peter Adser Svend Christian Rimestad Søren Stub Rasmussen Claus Adser Lars Rørnholt Bo Gunnar Norman Lars Mikael Andersson	
Executive board	Svend Christian Rimestad, Director Lars Rørnholt, Director Claus Adser, Director	
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K	
Subsidiaries	Nordic Formulation Technology A/S, Hellerup Nordic Grafting Company A/S, Hellerup Customized Compound Solutions A/S, Hellerup Björn Thorsen AB, Göteborg Klarsø A/S, Hellerup BT Solutions Zhuhai Co., Ltd. (BT SOL), Zhuhai City	

Financial highlights

DKK in thousands.	2018/19	2017/18	2016/17	2015/16	2014/15
Profit and loss account:					
Net turnover	389.005				
Gross profit	33.988	36.824	36.477	34.296	36.496
Results from operating activities	13.854	16.478	16.756	15.620	18.798
Net financials	3.898	1.904	1.835	1.886	1.342
Results for the year	14.342	14.539	14.545	13.725	15.426
Balance sheet:					
Balance sheet sum	197.393	176.318	186.110	163.990	157.245
Investments in tangible fixed assets represent	252	690	157	993	853
Equity	87.390	74.053	70.014	66.469	64.239
Employees:					
Average number of full time employees	36	32	24	25	18
Key figures in %:					
Gross margin	8,7				
Profit margin	3,6	3,8	4,2	4,3	5,1
Acid test ratio	152,4	164,6	162,3	164,6	159,9
Solvency ratio	44,3	42,0	37,6	40,5	40,9
Return on equity	17,8	20,2	21,3	21,0	24,7

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

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 net turnover for the year is DKK 389.005.000 against DKK 430.296.000 last year. The results from ordinary activities after tax are DKK 14.342.000 against DKK 14.539.000 last year. During this financial year the company has acquired the entire share capital of Klarsø A/S. The management consider the results as expected.

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.

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Environmental issues

It is the goal of the company to reduce its environmental tolerance as compared to year 2017/18, However, no targets have been established due to the fact that growth of net revenue is expected compared to 2017/18.

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 CO_2 in connection with production and transportation. Through dialogue and comprehension, arrangements have been made with subsuppliers on limitation of CO_2 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.

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 60%.

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 documentated. 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 2018/19 have been in accordance with the expectations.

For the financial year 2019/20 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.

Target figures and policies for the under-represented sex

The Board of Directors has not for 2018/19 established a target for the underrepresentated 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.

Note		2018/19	2017/18
1	Net turnover	389.005.337	430.296.004
	Other operating income	5.717.781	4.929.987
	Raw materials and consumables used	-353.409.255	-393.040.133
	Other external costs	-7.326.261	-5.361.793
	Gross results	**33.987.602**	**36.824.065**
2	Staff costs	-18.950.841	-18.905.441
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-1.182.810	-1.440.639
	Operating profit	**13.853.951**	**16.477.985**
	Income from equity investments in group enterprises	2.334.885	575.577
	Other financial income	2.146.928	2.072.612
3	Other financial costs	-584.224	-743.852
	Results before tax	**17.751.540**	**18.382.322**
	Tax on ordinary results	-3.409.442	-3.843.509
4	**Results for the year**	**14.342.098**	**14.538.813**

Balance sheet 30 April

All amounts in DKK.

Assets

Note		2019	2018
	Fixed assets		
5	Acquired concessions, patents, licenses, trademarks and similar rights	839.950	811.099
6	Goodwill	1.105.376	1.810.793
	Intangible fixed assets in total	1.945.326	2.621.892
7	Other plants, operating assets, and fixtures and furniture	776.593	941.052
8	Decoration rented premises	209.708	106.682
	Tangible fixed assets in total	986.301	1.047.734
9	Equity investments in group enterprises	27.034.344	4.275.883
10	Deposits	128.225	130.372
	Financial fixed assets in total	27.162.569	4.406.255
	Fixed assets in total	**30.094.196**	**8.075.881**
	Current assets		
	Raw materials and consumables	81.640.027	75.150.297
	Inventories in total	81.640.027	75.150.297
	Trade debtors	75.267.097	78.411.000
	Amounts owed by group enterprises	1.781.345	1.613.097
	Other debtors	19.940	753.323
11	Accrued income and deferred expenses	402.105	219.159
	Debtors in total	77.470.487	80.996.579
	Available funds	8.188.133	12.094.806
	Current assets in total	**167.298.647**	**168.241.682**
	Assets in total	**197.392.843**	**176.317.563**

Balance sheet 30 April

All amounts in DKK.

Note	Equity and liabilities	2019	2018
	Equity		
	Contributed capital	1.250.000	1.250.000
	Reserves for net revaluation as per the equity method	4.378.042	1.537.497
	Results brought forward	80.762.146	70.265.287
	Proposed dividend for the financial year	1.000.000	1.000.000
	Equity in total	**87.390.188**	**74.052.784**
	Provisions		
12	Provisions for deferred tax	195.295	74.237
	Provisions in total	**195.295**	**74.237**
	Liabilities		
	Bank debts	27.481.358	29.683.859
	Trade creditors	33.627.051	37.460.343
	Debt to group enterprises	29.979.715	15.877.352
	Corporate tax	2.114.362	3.003.787
	Other debts	16.604.874	16.165.201
	Short-term liabilities in total	109.807.360	102.190.542
	Liabilities in total	**109.807.360**	**102.190.542**
	Equity and liabilities in total	**197.392.843**	**176.317.563**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward	Proposed dividend for the financial year	In total
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
Equity 1 May 2018	1.250.000	1.537.497	70.265.287	1.000.000	74.052.784
Distributed dividend	0	0	0	-1.000.000	-1.000.000
Share of results	0	2.840.545	10.501.553	1.000.000	14.342.098
Adjustment	0	0	-4.694	0	-4.694
	1.250.000	**4.378.042**	**80.762.146**	**1.000.000**	**87.390.188**

Notes

All amounts in DKK.

		2018/19	2017/18
1.	**Net turnover**		
	Turnover	389.005.337	430.296.004
		389.005.337	**430.296.004**

No revenue is distributed by geographical markets and activities, as this will damage the company in the long term. Therefore, the information is omitted, cf. ÅRL § 96.

		2018/19	2017/18
2.	**Staff costs**		
	Salaries and wages	18.345.675	18.361.599
	Other costs for social security	140.765	117.504
	Other staff costs	464.401	426.338
		18.950.841	**18.905.441**
	Executive board	3.186.000	3.186.000
	Board of directors	332.898	382.860
		3.518.898	**3.568.860**
	Average number of employees	36	32
3.	**Other financial costs**		
	Financial costs, group enterprises	188.889	314.275
	Other financial costs	395.335	429.577
		584.224	**743.852**
4.	**Proposed distribution of the results**		
	Reserves for net revaluation as per the equity method	2.840.545	575.577
	Dividend for the financial year	1.000.000	1.000.000
	Allocated to results brought forward	10.501.553	12.963.236
	Distribution in total	**14.342.098**	**14.538.813**

Notes

All amounts in DKK.

		30/4 2019	30/4 2018
5.	**Acquired concessions, patents, licenses, trademarks and similar rights**		
	Cost 1 May	2.899.145	2.415.142
	Additions during the year	232.834	484.003
	Cost 30 April	**3.131.979**	**2.899.145**
	Amortisation and writedown 1 May	-2.088.046	-1.681.063
	Amortisation for the year	-203.983	-406.983
	Amortisation and writedown 30 April	**-2.292.029**	**-2.088.046**
	Book value 30 April	**839.950**	**811.099**

		30/4 2019	30/4 2018
6.	**Goodwill**		
	Cost 1 May	4.609.941	5.866.570
	Disposals during the year	-73.880	-1.256.629
	Cost 30 April	**4.536.061**	**4.609.941**
	Amortisation and writedown 1 May	-2.799.148	-3.407.768
	Amortisation for the year	-631.537	-648.009
	Depreciation, amortisation and writedown for the year, assets disposed of	0	1.256.629
	Amortisation and writedown 30 April	**-3.430.685**	**-2.799.148**
	Book value 30 April	**1.105.376**	**1.810.793**

Notes

All amounts in DKK.

		30/4 2019	30/4 2018
7.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 May	2.697.227	3.150.040
	Additions during the year	95.536	552.899
	Disposals during the year	0	-1.005.712
	Cost 30 April	**2.792.763**	**2.697.227**
	Amortisation and writedown 1 May	-1.722.281	-1.185.131
	Depreciation for the year	-293.889	-571.044
	Amortisation and writedown 30 April	**-2.016.170**	**-1.756.175**
	Book value 30 April	**776.593**	**941.052**

		30/4 2019	30/4 2018
8.	**Decoration rented premises**		
	Cost 1 May	137.360	0
	Additions during the year	156.425	137.360
	Cost 30 April	**293.785**	**137.360**
	Depreciation and writedown 1 May	-30.678	0
	Depreciation for the year	-53.399	-30.678
	Depreciation and writedown 30 April	**-84.077**	**-30.678**
	Book value 30 April	**209.708**	**106.682**

All amounts in DKK.

		30/4 2019	30/4 2018
9.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 May	2.751.880	5.030.961
	Translation by use of the exchange rate valid on balance sheet date	0	-6.270
	Additions during the year	20.488.269	-2.133.731
	Disposals during the year	-60.000	-139.000
	Cost 30 April	**23.180.149**	**2.751.960**
	Revaluations, opening balance 1 May	1.523.923	964.240
	Translation by use of the exchange rate valid on b	-4.694	-29.102
	Results for the year before goodwill amortisation	2.806.963	610.948
	Other movements in capital	-2.082	-22.163
	Revaluation 30 April	**4.324.110**	**1.523.923**
	Amortisation of goodwill, opening balance 1 May	0	0
	Amortisation of goodwill for the year	-469.915	0
	Depreciation on goodwill 30 April	**-469.915**	**0**
	Book value 30 April	**27.034.344**	**4.275.883**
	The items include goodwill with an amount of	13.627.834	0
	Goodwill is recognised under the item "Additions during the year" with an amount of	14.097.759	0

The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity DKK	Results for the year DKK	Book value at BJØRN THORSEN A/S DKK
Nordic Formulation Technology A/S, Hellerup	100 %	1.056.061	-155.754	1.056.061
Nordic Grafting Company A/S, Hellerup	83,1 %	572.919	-461.779	476.096
Customized Compound Solutions A/S, Hellerup	79 %	2.680.088	514.959	2.117.270
Björn Thorsen AB, Göteborg	100 %	601.604	174.652	601.604
Klarsø A/S, Hellerup	100 %	8.765.472	2.863.232	8.765.472
BT Solutions Zhuhai Co., Ltd. (BT SOL), Zhuhai City	65 %	599.404	9.529	390.007

Notes

All amounts in DKK.

		30/4 2019	30/4 2018
10.	**Deposits**		
	Cost 1 May	130.372	126.058
	Additions during the year	0	4.314
	Disposals during the year	-2.147	0
	Cost 30 April	**128.225**	**130.372**
	Book value 30 April	**128.225**	**130.372**
11.	**Accrued income and deferred expenses**		
	Prepayments, creditors	27.208	6.122
	Other prepayments/deferred income	203.223	200.546
	Prepayments, fair	171.674	12.491
		402.105	**219.159**
12.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 May	74.237	74.237
	Deferred tax of the results for the year	121.058	0
		195.295	**74.237**

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 (large enterprises).

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

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 concern matters existing on the balance sheet date.

Translation of foreign currency

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

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

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

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

The profit and loss account

Net turnover

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.

Cost of sales

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

Other operating income

Other operating income comprises 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

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 concern the financial year.

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.

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.

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.

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:

	Useful life
Other plants, operating assets, fixtures and furniture	2-8 years

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.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

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

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

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

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

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.

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.

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 strategical 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 cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

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

Inventories

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

Inventories are measured at cost on the basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to 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.

Available funds

Available funds comprise cash at bank and in hand.

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.

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.

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