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 2019 - 30 April 2020

The annual report has been submitted and approved by the general meeting on the 23rd September 2020

Peter Adser
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the executive board have presented the annual report of BJØRN THORSEN A/S for the financial year 1 May 2019 - 30 April 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 April 2020 and of the company's results of activities in the financial year 1 May 2019 – 30 April 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Hellerup, 22 September 2020

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 financial statements of BJØRN THORSEN A/S for the financial year 1 May 2019 - 30 April 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 April 2020 and of the results of the company's activities for the financial year 1 May 2019 - 30 April 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 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 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 22 September 2020

Christensen Kjærulff

Company reg. no. 15 91 56 41

John Mikkelsen
State Authorised Public Accountant
mne26748

Company information

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 Bjorn Thorsen SAS, Saint-Fons Digital Serigraphic Techonologies A/S, Hellerup	

Financial highlights

DKK in thousands.	2019/20	2018/19	2017/18	2016/17	2015/16
Income statement:					
Revenue	376.285	389.005	430.296	396.718	362.339
Gross profit	28.892	33.523	36.824	36.477	34.296
Profit from ordinary operating activities	9.969	13.854	16.478	16.756	15.620
Net financials	4.143	3.898	1.904	1.835	1.886
Net profit or loss for the year	11.721	14.342	14.539	14.545	13.725
Statement of financial position:					
Balance sheet total	226.427	197.393	176.318	186.110	163.990
Investments in property, plant and equipment	169	252	690	157	993
Equity	98.103	87.390	74.053	70.014	66.469
Employees:					
Average number of full-time employees	41	36	32	24	25
Key figures in %:					
Gross margin ratio	7,7	8,6	8,6	9,2	9,5
Profit margin (EBIT-margin)	2,6	3,6	3,8	4,2	4,3
Acid test ratio	156,7	186,3	162,3	164,6	159,9
Solvency ratio	43,3	44,3	42,0	37,6	40,5
Return on equity	12,6	17,8	20,2	21,3	21,0

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

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 revenue for the year totals DKK 376.285.000 against DKK 389.005.000 last year. Income or loss from ordinary activities after tax totals DKK 11.721.000 against DKK 14.342.000 last year. The management consider the results as expected.

Special risks

Operating 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.

Foreign 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 rate 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 issues

It is the goal of the company to reduce its environmental tolerance as compared to year 2018/19, However, no targets have been established due to the fact that growth of net revenue is expected compared to 2018/19.

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.

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.

Expected developments

Results for 2019/20 have been in accordance with the expectations.

For the financial year 2020/21 similar positive results are expected.

Events occurring after the end of the financial year

The company faces challenges and financial risks due to the Corona Virus / COVID-19. A number of measures have been taken to ensure the health of employess. The Corona / COVID-19 causes uncertainty both politicaly / socially and for the company. Current and any future political and economic measures that may be implemented could pose financial risks related to the company's operations and may limit the company's trading opportunities.

It is expected that the level of activity of the company solely on the basis of the political and economic measueres that are current at the time of the financial reporting will be unchanged.

Statement of corporate social responsibility

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 underrepresented gender

The Board of Directors has not for 2019/20 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.

Income statement 1 May - 30 April

All amounts in DKK.

Note		2019/20	2018/19
1	Revenue	376.284.575	389.005.337
	Other operating income	5.519.222	5.717.781
	Costs of raw materials and consumables	-346.382.998	-353.409.255
	Other external costs	-6.529.227	-7.790.662
	Gross profit	**28.891.572**	**33.523.201**
2	Staff costs	-17.903.494	-18.486.440
	Depreciation, amortisation, and impairment	-1.019.005	-1.182.810
	Operating profit	**9.969.073**	**13.853.951**
	Income from equity investments in group enterprises	3.356.194	2.334.885
	Other financial income from group enterprises	38.017	0
	Other financial income	1.674.038	2.146.928
3	Other financial costs	-925.440	-584.224
	Pre-tax net profit or loss	**14.111.882**	**17.751.540**
	Tax on net profit or loss for the year	-2.391.333	-3.409.442
4	**Net profit or loss for the year**	**11.720.549**	**14.342.098**

Statement of financial position at 30 April

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
5	Concessions, patents, licenses, trademarks, and similar rights acquired	833.364	839.950
6	Goodwill	626.115	1.105.376
	Total intangible assets	1.459.479	1.945.326
7	Other fixtures and fittings, tools and equipment	531.942	776.593
8	Leasehold improvements	138.748	209.708
	Total property, plant, and equipment	670.690	986.301
9	Equity investments in group enterprises	39.179.045	27.034.344
10	Deposits	128.528	128.225
	Total investments	39.307.573	27.162.569
	Total non-current assets	**41.437.742**	**30.094.196**
	Current assets		
	Raw materials and consumables	88.393.396	81.640.027
	Total inventories	88.393.396	81.640.027
	Trade receivables	79.788.237	75.267.097
	Receivables from group enterprises	7.579.101	1.781.345
	Other receivables	99.418	19.940
11	Prepayments and accrued income	465.168	402.105
	Total receivables	87.931.924	77.470.487
	Cash on hand and demand deposits	8.663.505	8.188.133
	Total current assets	**184.988.825**	**167.298.647**
	Total assets	**226.426.567**	**197.392.843**

Statement of financial position at 30 April

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	1.250.000	1.250.000
	Reserve for net revaluation according to the equity method	7.186.447	4.373.348
	Retained earnings	88.666.879	80.766.840
	Proposed dividend for the financial year	1.000.000	1.000.000
	Total equity	**98.103.326**	**87.390.188**
	Provisions		
12	Provisions for deferred tax	243.452	195.295
	Total provisions	**243.452**	**195.295**
	Liabilities other than provisions		
	Debt to group enterprises	10.000.000	20.000.000
13	Total long term liabilities other than provisions	10.000.000	20.000.000
13	Current portion of long term payables	5.000.000	0
	Bank loans	26.583.540	27.481.358
	Trade payables	36.749.489	33.627.051
	Payables to group enterprises	31.006.300	9.979.715
	Income tax payable	1.647.599	2.114.362
	Other payables	16.537.911	16.604.874
14	Accruals and deferred income	554.950	0
	Total short term liabilities other than provisions	118.079.789	89.807.360
	Total liabilities other than provisions	**128.079.789**	**109.807.360**
	Total equity and liabilities	**226.426.567**	**197.392.843**

15 Contingencies

16 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Proposed dividend for the financial year	Total
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
Exchange rate adjustments	0	-4.694	0	0	-4.694
Equity 1 May 2019	1.250.000	4.373.348	80.766.840	1.000.000	87.390.188
Distributed dividend	0	0	0	-1.000.000	-1.000.000
Share of results	0	2.820.510	7.900.039	1.000.000	11.720.549
Exchange rate adjustments	0	-7.411	0	0	-7.411
	1.250.000	**7.186.447**	**88.666.879**	**1.000.000**	**98.103.326**

Notes

All amounts in DKK.

		2019/20	2018/19
1.	**Revenue**		
	Turnover	376.284.575	389.005.337
		376.284.575	**389.005.337**

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.

		2019/20	2018/19
2.	**Staff costs**		
	Salaries and wages	17.637.305	18.345.675
	Pension costs	90.286	0
	Other costs for social security	175.903	140.765
		17.903.494	**18.486.440**
	Executive board	3.546.000	3.186.000
	Board of directors	0	332.898
		3.546.000	**3.518.898**
	Average number of employees	41	36
3.	**Other financial costs**		
	Financial costs, group enterprises	505.420	188.889
	Other financial costs	420.020	395.335
		925.440	**584.224**
4.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	2.820.510	2.840.545
	Dividend for the financial year	1.000.000	1.000.000
	Transferred to retained earnings	7.900.039	10.501.553
	Total allocations and transfers	**11.720.549**	**14.342.098**

All amounts in DKK.

		30/4 2020	30/4 2019
5.	**Concessions, patents, licenses, trademarks, and similar rights acquired**		
	Cost 1 May	3.131.979	2.899.145
	Additions during the year	218.648	232.834
	Cost 30 April	**3.350.627**	**3.131.979**
	Amortisation and writedown 1 May	-2.292.029	-2.088.046
	Amortisation for the year	-225.234	-203.983
	Amortisation and writedown 30 April	**-2.517.263**	**-2.292.029**
	Carrying amount, 30 April	**833.364**	**839.950**
6.	**Goodwill**		
	Cost 1 May	4.536.061	4.609.941
	Disposals during the year	0	-73.880
	Cost 30 April	**4.536.061**	**4.536.061**
	Amortisation and writedown 1 May	-3.430.685	-2.799.148
	Amortisation for the year	-479.261	-631.537
	Amortisation and writedown 30 April	**-3.909.946**	**-3.430.685**
	Carrying amount, 30 April	**626.115**	**1.105.376**

All amounts in DKK.

		30/4 2020	30/4 2019
7.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 May	2.792.763	2.697.227
	Additions during the year	168.900	95.536
	Disposals during the year	-550.000	0
	Cost 30 April	**2.411.663**	**2.792.763**
	Amortisation and writedown 1 May	-2.016.170	-1.722.281
	Depreciation for the year	-292.688	-293.889
	Reversal of depreciation, amortisation and writedown, assets disposed of	429.137	0
	Amortisation and writedown 30 April	**-1.879.721**	**-2.016.170**
	Carrying amount, 30 April	**531.942**	**776.593**
8.	**Leasehold improvements**		
	Cost 1 May	293.785	137.360
	Additions during the year	0	156.425
	Cost 30 April	**293.785**	**293.785**
	Depreciation and writedown 1 May	-84.077	-30.678
	Depreciation for the year	-70.960	-53.399
	Depreciation and writedown 30 April	**-155.037**	**-84.077**
	Carrying amount, 30 April	**138.748**	**209.708**

All amounts in DKK.

		30/4 2020	30/4 2019
9.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 May	23.180.149	2.751.880
	Translation by use of the exchange rate valid on balance sheet date	-58	0
	Additions during the year	8.918.564	20.488.269
	Disposals during the year	-106.057	-60.000
	Cost 30 April	**31.992.598**	**23.180.149**
	Revaluations, opening balance 1 May	4.324.110	1.523.923
	Translation by use of the exchange rate valid on b	-7.411	-4.694
	Results for the year before goodwill amortisation	6.159.215	2.806.963
	Reversals for the year concerning disposals	0	0
	Other movements in capital	0	-2.082
	Revaluation 30 April	**10.475.914**	**4.324.110**
	Amortisation of goodwill, opening balance 1 May	-469.915	0
	Amortisation of goodwill for the year	-2.819.552	-469.915
	Depreciation on goodwill 30 April	**-3.289.467**	**-469.915**
	Carrying amount, 30 April	**39.179.045**	**27.034.344**
	The item includes goodwill with an amount of	10.808.292	13.627.834
	Goodwill is recognised under the item "Additions during the year" with an amount of	0	14.097.759

Group enterprises:

	Domicile	**Equity interest**
Nordic Formulation Technology A/S	Hellerup	93 %
Nordic Grafting Company A/S	Hellerup	77,1 %
Customized Compound Solutions A/S	Hellerup	79 %
Björn Thorsen AB	Göteborg	100 %
Klarsø A/S	Hellerup	100 %
BT Solutions Zhuhai Co., Ltd. (BT SOL)	Zhuhai City	65 %
Bjorn Thorsen SAS	Saint-Fons	100 %
Digital Serigraphic Techonologies A/S	Hellerup	61 %

All amounts in DKK.

		30/4 2020	30/4 2019
10.	**Deposits**		
	Cost 1 May	128.225	130.372
	Additions during the year	303	0
	Disposals during the year	0	-2.147
	Cost 30 April	**128.528**	**128.225**
	Carrying amount, 30 April	**128.528**	**128.225**
11.	**Prepayments and accrued income**		
	Prepayments, creditors	0	27.208
	Other prepayments/deferred income	355.360	203.223
	Prepayments, fair	109.808	171.674
		465.168	**402.105**
12.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 May	195.295	74.237
	Deferred tax of the results for the year	48.157	121.058
		243.452	**195.295**

13. Liabilities other than provision

	Total payables 30 Apr 2020	Current portion of long term payables	Long term payables 30 Apr 2020	Outstanding payables after 5 years
Debt to group enterprises	15.000.000	5.000.000	10.000.000	0
	15.000.000	**5.000.000**	**10.000.000**	**0**

14. Accruals and deferred income

	30/4 2020	30/4 2019
Prepayments/deferred income	554.950	0
	554.950	**0**

All amounts in DKK.

15. Contingencies

Joint taxation

With Adserbi A/S, company reg. no 87 80 23 10 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

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

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

16. Related parties

Controlling interest

Adserbi A/S Dybensøvej 10 2830 Virum Denmark	Majority shareholder

Consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Adserbi A/S, Dybensøvej 10, 2830 Virum, Denmark

The annual report for BJØRN THORSEN A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of BJØRN THORSEN A/S and its group enterprises are included in the consolidated financial statements for Adserbi A/S, Hellerup, CVR nr. 87 80 23 10.

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

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Translation adjustment of balances with foreign group enterprises considered part of the total investment in group enterprises are recognised directly in equity. Likewise, foreign exchange gains and losses on loans and derivatives for the currency hedging of independent foreign group enterprises are recognised directly in equity.

Income statement

Revenue
Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales
Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income
Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses 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 income statement with the amounts concerning the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

The cost comprises acquisition cost and costs directly associated with 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 when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	2-8 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount 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 derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

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

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase 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 pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations 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 are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Other financial instruments and equity investments

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Deposits

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

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

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

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

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

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

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

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

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

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.