HALDOR TOPSØE A/S

Annual Report 2012

RESEARCH | TECHNOLOGY | CATALYSTS

HALDOR TOPSØE

CATALYZING YOUR BUSINESS

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The Annual Report is translated from Danish. In case of doubt the Danish version shall apply.
The Financial Statements of the Parent Company, Haldor Topsøe A/S, are available at cvr.dk.

Topsøe – the company

Energy, climate, and nutrition are at the top of agendas around the world and Topsøe's catalysts and technologies play a key role in providing optimal solutions.

Catalysis is involved in 90% of all industrial production, and our product portfolio promotes energy-efficient and eco-friendly use of the world's resources.

Topsøe's position as market leader is the result of more than 70 years of efforts concentrated on catalysis. Our business covers research and development, process technology and design, as well as catalyst production and sales.

Dr. Haldor Topsøe founded the company in 1940. In his vision, the business ideally grows through constant product development and penetration of new markets. Following his vision enables us to supply our customers with the most advanced, reliable, and economically advantageous products possible.

Dr. Topsøe calls this approach "from science to dollars."

We take the greatest pride in our products, technologies and our business, because they make a real difference when it comes to the global environment and the optimal use of the world's energy resources.

What is catalysis?

In a catalytic process the catalyst promotes the chemical reaction without being consumed by the reaction itself.

The cyclist

To illustrate the catalytic process more clearly, we use the image of a cyclist who is at the bottom of a mountain. Without the catalyst, the cyclist has to climb over the mountain, using a tremendous amount of energy.

However, with a catalyst you create an energy-saving shortcut through a tunnel in the mountain. In this way the catalyst allows the cyclist to reach the other side more quickly while spending much less energy. Because catalysts are not consumed during the process, they can be used for years, helping many cyclists get "over" the mountain.

What does the catalyst do?

A catalytic process converts chemical components into other new products. For instance, it is possible to convert natural gas, air and water into a variety of valuable products such as hydrogen, ammonia, methanol and sulfuric acid to mention a few.

When a catalyst catalyzes a chemical process, the chemical reaction happens faster and uses much less energy, and unwanted byproducts can be avoided.

Catalysis in the world's industry

As the catalysts speed up chemical processes it is possible to build very large and efficient chemical complexes. For example, an ammonia plant typically produces 2,000 tonnes of ammonia per day. Without catalysts, it would take approximately one million days to produce the same amount of ammonia.

Topsøe worldwide

Topsøe serves customers across the globe. In order to ensure direct contact with our customers, Topsøe has a global organization with representations around the world through our regional offices and local representatives.

Topsøe has a tradition of cooperating with universities and research institutes all over the world.


Moscow, Russia
Copenhagen, Denmark
Headquarters
Beijing, China
Tianjin, China
In 2012 Topsøe signed an agreement to ac0quire land in Tianjin in China intended for establishing a production plant focused on catalyst products.
New Delhi, India
Manama, Bahrain
Kuala Lumpur, Malaysia
Cape Town, South Africa

Our business

Topsøe serves its customers from three operating business units, Chemicals, Environmental, and Refinery, each taking care of leading catalysts and technologies within its segment. In addition we have a New and Emerging business unit focused on identifying and bringing new business areas forward.

All of our research and development activities are conducted in state-of-the-art facilities covering catalysis and process technologies. Furthermore in Topsoe Fuel Cell we develop and commercialize energy efficient fuel cells.

Chemicals

Synthesis gas

Topsøe provides a range of technologies and catalysts for the synthesis gas needs of a range of industries. Synthesis gas can be generated from a variety of feedstocks including biomass, petcoke, coal, and heavy oil through gasification. Based on synthesis gas Topsøe offers a wide range of processes and technologies for the production of ammonia, methanol, hydrogen, substitute natural gas or even liquid transportation fuels.

Hydrogen

Topsøe supplies catalysts and technologies for hydrogen production based on reforming of e.g. natural gas. Hydrogen has two main uses today: Production of ammonia, which has a growing demand due to the growth of the world's population, and in the production and purification of fuels in refineries around the globe.

Ammonia

Topsøe is the leading catalyst and technology supplier in the ammonia industry, supplying solutions for almost 50% of the new ammonia plants built within the last decade. Ammonia is most widely used for manufacturing fertilizer. Production of ammonia requires processes that involve as many as 13 different catalysts.

Topsøe's synthesis gas technology can convert ordinary household garbage to synthesis gas, which can then be converted into petrol or diesel.

Methanol

Topsøe's technology and catalysts for synthesis gas production are widely used in the methanol industry. About half of the world's methanol production – or 'wood alcohol' production – is used to produce formaldehyde, a building block of the glue used by the building industry. But it is also used in the manufacturing of plastics and as a fuel for fuel cells.

50% of the total world production of fertilizer is produced using catalysts from Topsøe.

50%

Our business

Refinery

Topsøe's portfolio of catalysts and technologies for hydrotreating and hydrocracking contribute to production of cleaner fuels in oil refineries. Topsøe has been successful in sales of technologies and catalysts for the production of ultra-low sulfur diesel.

On a yearly basis Topsøe's catalysts remove two million tonnes of sulfur from crude oil, corresponding to a potential of four million tonnes of SO_2 emission from vehicles.

DeNOx catalysts from Topsøe installed at power plants or other industrial production sites reduce NO_x emissions into the environment.

Environmental

200 trucks are daily equipped with a catalyst from Topsøe. Catalysts enable the automotive industry to remove hazardous compounds from the engine exhaust of diesel vehicles.

Automotive diesel exhaust

Topsøe offers a range of catalytic products for the automotive industry. Catalysts have clear environmental benefits when applied to the automotive industry. They can remove harmful nitrous oxide gasses and carbon particles from an engine's exhaust gas, greatly reducing pollution and enabling vehicle manufacturers to meet today's high environmental standards.

Sulfuric acid

Topsøe's development of catalysts for the production of sulfuric acid has resulted in major product breakthroughs, providing the industry with new options for energy-efficient operation with still lower sulfur emissions. The Topsøe catalysts are presently used in more than one third of the world's sulfuric acid production capacity.

Sulfur management

Topsøe's wet gas sulfuric acid (WSA) technology recovers sulfur from off-gasses in the form of commercial-grade concentrated sulfuric acid, thus converting waste gas into a commercial product.

Flue gas cleaning

Topsøe's DeNOx and VOC catalytic purification of flue gasses and other off-gasses from power plants or other industries ensures the protection of the environment.

Our mission, vision and values

Our mission

Driven by our passion for science, we contribute to a profitable and sustainable future for our customers, their businesses and their communities.

Our vision

Building on our strong foundation in catalysis, we expand into new business areas with innovative solutions to key global challenges that will transform the businesses of our customers and partners.

Our values

Business
We go the extra mile to create lasting value for our customers

People
Topsøe is a great place to work and to have worked

Science
Our passion for science and innovation strengthens our business

Society
We create sustainable solutions that make a difference to the world of today – and tomorrow

Haldor Topsøe celebrates his 100th birthday on May 24, 2013

1940

Haldor Topsøe founds the company on April 10

1978

Haldor Topsøe turns 65. Celebrating with his wife Inger at the river that runs past the headquarters

1983

Haldor Topsøe meets Indira Ghandi at Tivoli during her stay in Denmark

1946

Haldor Topsøe at Stengaarden with his first staff

1980

Haldor Topsøe accompanied by HM the Queen of Denmark and HRH the Prince Consort at Risø's 25 year anniversary

1991

Haldor Topsøe receives the Hoover Medal in recognition of his great, unselfish, non-technical services to humanity as engineer

1993

Haldor Topsøe among internationally highly recognized scientists at the forerunner of Topsoe Catalysis Forum

2008

Haldor Topsøe is made Knight of the Grand Cross of the Dannebrog Order. The award includes a coat of arms designed specifically for the Knight

2007

The company is now one hundred percent owned by the Topsøe family

2011

Haldor Topsøe with children from the KAFCO school in Bangladesh

Management's review

Directors' report

The year 2012 was a very satisfactory year – and financially the best year ever. The resulting improved financial strength is the result of progress in almost all our business areas. At the same time we have made key organizational changes in order to prepare for the many growth opportunities which lie ahead of us.

DKK million	**2012**	**2011**	**Change**
Revenue	5,244	4,421	19%
EBITDA	793	668	19%
EBIT	593	467	27%
Net profit	415	402	3%
Net indebtedness	228	386	-41%
Cash flows from operating activities	786	796	-1%
Equity ratio	25.8%	25.3%	

In April 2012 a new organizational structure was introduced. It involved the creation of three separate business units which, in a more optimal way, address the needs of our existing customers worldwide. In addition to these business units, we have created a New Business Unit, to be able to develop and introduce our many new technologies more efficiently. This will contribute significantly to our future growth.

One of the three business units responsible for our current activities, the Chemical Business Unit, offers solutions for our technologies and catalysts for hydrogen, synthesis gas, ammonia, methanol, and DME. In these fields we have experienced strong growth worldwide and it is gratifying to see that the company has been awarded major projects based on shale gas.

The second business unit, the Refinery Business Unit, is responsible for addressing the many needs of oil refiners. This unit has seen growth in the supply of technologies and catalysts needed for the production of clean fuels. This has reinforced the leading position we have in this area. A key focus area has also been technologies and catalysts for converting the increasing amount of heavy oil to lighter products.

The third business unit, the Environmental Business Unit, is focusing on delivering solutions which minimize harmful emissions into the atmosphere. We have seen solid growth in our solutions for sulfur management and for cleaning the exhaust from large and medium-sized stationary power units and have strengthened our market leading position in several of these fields. Furthermore, we have focused on systems for the cleaning of automotive diesel exhaust, an area where we see potential for further growth. New products have been introduced in all our business areas and we see an increased interest in our world-leading technologies. We are certain that the new organizational structure will enable us to meet the customers' future needs in a better and more efficient way.

With the new structure, we have a strong integration between all business units and R&D. We continue our long-term commitment to research and development and new initiatives have been undertaken to ensure that our R&D will continue to be a world leader in catalysis. We thus believe that our R&D unit, which has a large number of unique research tools and bench and pilot-scale units, is well-prepared to play a significant role in our future growth. We are also pleased with the progress made in our fuel cell subsidiary, Topsoe Fuel Cell A/S, forming the basis for a more focused strategy. Our catalyst manufacturing units located in Frederikssund, Denmark and Houston, USA are continuously focusing on innovation and development and have introduced new products and new manufacturing technologies. We are planning to further strengthen these activities and will also add a catalyst manufacturing unit in China.

In 2012 a new intellectual property strategy with focus on patents and trademarks was issued in order to ensure optimum protection of our technologies and catalysts and to secure freedom to operate. Furthermore, we are currently developing guidelines for more intensive in-licensing and acquisition of third-party patent portfolios.

It is very important to us that we continuously serve our customers around the globe in the best possible way, and our global network of subsidiaries and representative offices is invaluable in our efforts to succeed in this. Besides our presence in Argentina, Bahrain, Brazil,

Canada, China, Malaysia, India, Russia, and USA, a new office in South Africa was added during the year.

On December 21, 2012, the European Union introduced additional sanctions against Iran, which in substance prohibited European companies from doing business in Iran going forward. As a consequence of this, we have issued notice of force majeure in respect of our Iranian contracts.

In addition to the organizational changes introduced in 2012 we also implemented a new global strategy which will help us to achieve further profitable growth, building on our current strengths and R&D potential. Since we already have many unique solutions to some of the globe's key challenges within environment, energy efficiency and food supply, we consider it realistic to grow profitably reaching a yearly revenue of 30 billion DKK by year 2025. We have initiated a number of key initiatives which will enable us to achieve this. In our planning we are also taking into account emerging and new technologies and products that we are in the process of bringing to the market. Based on our strong research and manufacturing experience in materials, we have also decided to address challenges in the development of more efficient batteries and here we may benefit from synergies with our fuel cell activities.

In 2012, we globally employed 2200 employees. This is an increase of 5% compared to 2011 and we are pleased to note that the staff increase has taken place in both Denmark and around the world. 42% of our staff has a university degree and, in general, all our staff is highly educated and trained. We are a knowledge-based company and depend on maintaining a motivated workforce. In this connection we are pleased to note that an employee engagement survey, concluded in the second half of 2012, showed a very high degree of general job satisfaction and motivation.

At present, Haldor Topsøe A/S does not have a written policy for Corporate Social Responsibility (CSR), but it is the mission both of the owners and the company to contribute to solving key global problems and act responsibly wherever we are present in the world. We are also pleased to note that our products and technologies play a major role in solving environmental challenges and climate changes around the world. At the same time our continued improvements in catalysis contribute significantly to energy conservation and reduction of harmful emission to the environment. For more information about the impact of our products on the environment and the climate, please visit our website topsoe.com. Furthermore, Haldor Topsøe A/S has, alone and together with the Parent Company, Haldor Topsøe Holding A/S, established CSR activities in many parts of the world. We participate in local activities, helping children to receive basic schooling and we are active in training local people to work on new industrial projects in which we are involved.

Haldor Topsøe A/S through Haldor Topsøe Holding A/S is a family-owned company – the family owns 100% of the shares. The ownership of the company has been transferred to also include second and third generation of the family. The family has been involved in developing the new strategy and is excited and committed to continue to support the long-term growth and development of the company.

No events materially affecting the Company's financial position at December 31, 2012 have occurred after the balance sheet date.

Financial highlights

Seen over a five-year period, the development of Topsøe is described by the following financial highlights.

Profit *DKK million*	2012	2011	2010	2009	2008
Revenue	5,244	4,421	4,201	4,257	5,046
Gross profit	2,142	1,924	1,884	1,730	1,790
EBITDA	793	668	677	607	679
Depreciation and amortization	-200	-201	-207	-197	-173
EBIT	593	467	470	410	506
Financial income/(expenses)	-28	63	-36	29	157
Net profit	415	402	301	331	524

Balance sheet *DKK million*	2012	2011	2010	2009	2008
Balance sheet total	5,503	5,158	4,640	4,823	5,117
Equity	1,422	1,307	1,124	1,065	1,071
Net working capital	35	177	355	155	145
Net indebtedness	228	386	763	672	637

Cash flow *DKK million*	2012	2011	2010	2009	2008
Cash flows from operating activities	786	796	418	504	867
Cash flows from investing activities	-342	-238	-211	-190	-278
Hereof investments in property, plant and equipment	-307	-209	-210	-201	-257
Cash flows from financing activities	-247	-389	-437	-381	-249
Change in cash and cash equivalents for the year	197	169	-230	-67	340

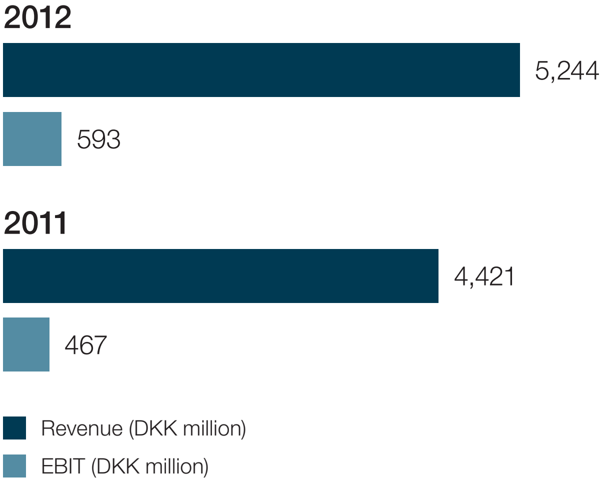
Employees *Number*	2012	2011	2010	2009	2008
Total number of employees	2,195	2,091	2,015	2,016	1,945
Hereof in Denmark	1,733	1,689	1,656	1,667	1,629

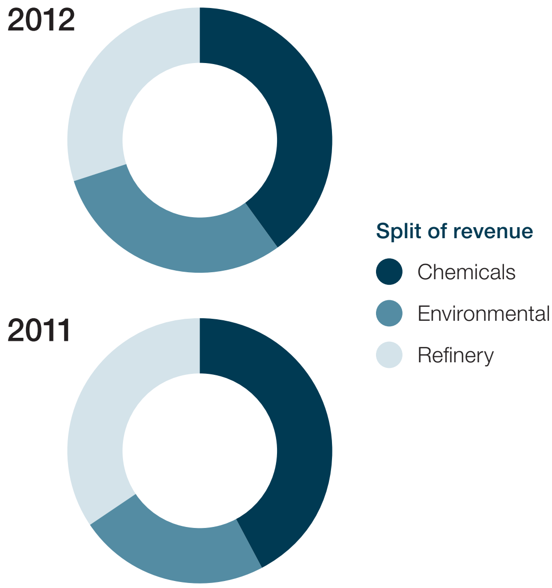
Ratios *%*	2012	2011	2010	2009	2008
Gross margin	40.8	43.5	44.8	40.6	35.5
EBITDA margin	15.1	15.1	16.1	14.3	13.5
EBIT margin	11.3	10.6	11.2	9.6	10.0
Return on invested capital (ROIC)	35.4	26.5	27.1	25.3	31.9
Equity ratio	25.8	25.3	24.2	22.1	20.9
Return on equity	30.4	33.1	27.5	31.0	40.7

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Financial report 2012

2012 was a year with all-time high revenue and EBIT, a continued strong cash flow and further debt reduction.





Income statement

Revenue

Revenue increased 19% to DKK 5,244 million (2011: DKK 4,421 million).

The increase in revenue was driven by very strong growth in our Environmental business areas, strong growth in Chemical business areas and modest growth in Refinery business areas.

Earnings before interest, tax, depreciation and amortization (EBITDA)

EBITDA increased 19% to DKK 793 million corresponding to an EBITDA margin of 15.1% (2011: DKK 668 million and an EBITDA margin of 15.1%).

Purchased equipment for contract work increased by 71% to DKK 780 million. Furthermore raw materials increased by 13% to DKK 1,399 million, other external expenses by 24% to DKK 1,038 million and staff expenses by 7% to DKK 1,349 million.

Earnings before interest and tax (EBIT)

EBIT increased 27% to DKK 593 million corresponding to an EBIT margin of 11.3% (2011: DKK 467 million and an EBIT margin of 10.6%).

Depreciation was nearly unchanged (DKK 200 million compared to DKK 201 million in 2011) resulting in an increased EBIT and EBIT margin.

Net profit

Net profit increased 3% to DKK 415 million (2011: DKK 402 million).

Although EBIT increased by DKK 126 million this was partially offset by lower dividend from KAFCO (DKK 34 million, 2011: DKK 78 million), net currency losses of DKK 8 million (2011: gain of DKK 31 million) and tax increase of DKK 22 million.

Cash flow and balance sheet

Cash flows from operating activities

Cash flows from operating activities remained at a high level and amounted to DKK 786 million (2011: DKK 796 million).

CAPEX

CAPEX increased 50% and amounted to DKK 332 million (2011: DKK 221 million).

The increase was due to increase in investments in production and R&D facilities.

Net working capital

Net working capital decreased and amounted to DKK 35 million (2011: DKK 177 million).

Net indebtedness

Net indebtedness decreased and amounted to DKK 228 million (2011: DKK 386 million).

The interest bearing debt at the end of 2012 was DKK 1,237 million (2011: DKK 1,198 million). Surplus funds for an amount of DKK 698 million were placed with the holding company, Haldor Topsøe Holding A/S, as part of a cash pool arrangement (2011: DKK 520 million).

Return on invested capital (ROIC)

ROIC increased and amounted to 35% (2011: 27%).

Order backlog

The order backlog was at the end of 2012 at a satisfactory level covering a major part of our engineering and catalyst production capacity for 2013.

Outlook for 2013

Revenue

Revenue is expected to increase in 2013.

EBITDA/EBIT

We expect to further increase our R&D expenses, which in the short term will have an impact on the EBITDA/EBIT. EBITDA and EBIT levels are expected to be maintained compared to 2012.

Cash flow and funding

Operating cash flows are expected to continue to be strong. Topsøe will not engage in major CAPEX projects or acquisitions unless financing is in place, thus securing sufficient liquidity for operations even during periods of negative market developments.

Topsøe intends to maintain a credit profile that matches that of an investment grade company during a business cycle. Along this line Topsøe will consider, when market terms are attractive, to broaden its funding base by issuing corporate bonds as well as obtaining other credit facilities.

A Gas-to-Liquid (GTL) plant situated in Las Raffan, Qatar, that uses Topsøe syngas technologies and catalysts to produce environmentally friendly and high-performance diesel and naphtha products.

Forward-looking statements

Haldor Topsøe A/S' financial reports, whether in the form of annual reports or interim reports, filed with the Danish Business Authority and/or announced via the company's website, as well as any presentations based on such financial reports, and any other written information released, or oral statements made, to the public based on this annual report or in the future on behalf of Haldor Topsøe A/S, may contain forward-looking statements.

These forward-looking statements are based on current plans, estimates and projections. By nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which may be beyond Haldor Topsøe A/S' influence, and which could materially affect such forward-looking statements.

Haldor Topsøe A/S cautions that a number of factors, including those described in the risk management part of this report, could cause actual results to differ materially from those contemplated in any forward-looking statements.

Risk management

Topsøe is a research-based company engaged in process design, engineering, catalyst production, and sales on the basis of the continuous optimization of catalysts and technologies.

We serve customers in all regions of the world. This means that Danish as well as international and regional issues such as economic and political developments and trends may materially affect Topsøe's business, results of operations, cash flows, and financial position.

Strategic operational risks

Demand

We expect demand for our products and processes to be strong through continued development of current as well as new products and processes. Catalysts are today involved in 90% of the world's chemical processes, and we see no indication of reduced demand or substitutes.

Raw material costs

The cost of raw materials is a significant cost component and costs can fluctuate considerably. We seek to mitigate this risk through escalation clauses in our sales contracts. In addition, we selectively hedge the purchase cost of raw materials. We always seek to have more than one supplier for each material.

Operational risks

Topsøe's production of catalysts takes place in Frederikssund, Denmark and Houston, USA. If production for some reason is closed down for an extended period in either plant, it will have a material impact on Topsøe's earnings. We seek to mitigate this risk by having multiple production lines for certain products, safety stock policy, as well as taking out insurance against loss of contribution as well as property insurance etc.

Product liabilities and compliance

The products and services supplied by Topsøe have to meet the highest standards in the industry. With complex processes being involved Topsøe will always be subject to a risk of product liability. In order to reduce this risk, quality in all areas of the value chain is monitored on an ongoing basis.

Besides property insurance and insurance against loss of contribution, a number of other operational risks are insured, e.g. general and product liability, professional indemnity, transportation etc.

Political risks

Topsøe's presence across the globe exposes earnings to geopolitical events. Political actions such as trade barriers, embargoes, new taxes, currency restrictions, environmental laws etc. could impact Topsøe's result and cash flows. This risk is to a certain degree mitigated through the monitoring of regulatory initiatives and geographical diversification.

Financial risks

Currency risks

As Topsøe operates globally, the income statement, balance sheet, and cash flows are subject to risk of currency fluctuations, mainly in relation to Topsøe's flows of EUR and USD. Part of the risk is mitigated through natural hedges arising from activities where Topsøe has both income and expenses in the same currency. However, the risk is not fully covered by natural hedges, and consequently, Topsøe hedges certain future cash flows. A 5% change in the USD rate is assessed to have an EBIT effect of DKK 20–25 million.

Interest rate risk

Long-term debt consists of loans with fixed and floating interest rates. In order to secure a distribution between fixed and floating rate

debt that matches the asset distribution, interest rate swaps are applied. For the floating rate portion of Topsøe's interest bearing debt, a change in the interest rate level of 1 (one) percentage point will influence interest rate expenses by DKK 6 million.

Credit risk

Topsøe's credit risk is primarily related to trade receivables which to a large extent consist of large, multinational or government-owned corporations. For other types of clients, and for most sales in emerging markets, we seek to mitigate credit risk by application of instruments such as letters of credit and bank guarantees as well as through selective structuring of payment terms etc. Potential new customers are credit-approved before Topsøe enters into new contracts.

Receivables due at December 31, 2012 have the following aging:

	2012	2011
0–90 days	26%	25%
90–180 days	5%	1%
180+ days	3%	5%

Counterparty risk

In this context counterparty risk is defined as credit risk on financial institutions when dealing with them, either by placing deposits, entering into derivative financial instruments transactions or otherwise. In order to reduce counterparty risk Topsøe only deals with financial counterparties which, based on Management's assessment, has a satisfactory credit rating from recognized international credit rating agency. Management's assessment is not a guarantee against losses arising from unexpected events affecting counterparties.

Liquidity risks

Topsøe must maintain sufficient liquidity to fund daily operations, debt service and for future expansion purposes. Topsøe's access to liquidity consists of cash and cash equivalents including access to credit facilities. If Topsøe's access to liquidity changes, this may reduce Topsøe's ability to meet growth and performance targets. In order to reduce the liquidity risk, Topsøe aims to diversify funding sources and to secure financing before committing investments.

Dividend policy

In addition to servicing the loans in the Haldor Topsøe Group, the Group has since 2007 also financed the operations of Haldor Topsøe Holding A/S through dividend payments in order for this company to service its debt obligations and pay a certain dividend to the ultimate shareholders. This dividend policy is expected to continue until Haldor Topsøe Holdings A/S' debt has been repaid. The liquidity effect of the expected future dividend payments has been incorporated in Topsøe's cash flow forecasts.

Compliance risks

Tax

Topsøe is exposed to a large number of different tax regimes across the countries in which we operate and there is a risk of unexpected taxation due to uncertainty of the interpretation of local tax regulations. To mitigate this risk Topsøe in certain cases consults external advisors.

Statements

Management's statement

Statement by the Executive Management and Board of Directors on the Annual Report.

The Executive Management and Board of Directors have today considered and adopted the Annual Report 2012 of Haldor Topsøe A/S.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS), and the Financial Statements of the Parent Company have been prepared in accordance with the Danish Financial Statements Act. In our opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at December 31, 2012 of the Group and the Parent Company and of the results of the Group and Parent Company operations and of the Group's cash flows for 2012 in accordance with the applied accounting policies.

In our opinion, the Directors' Report includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, and the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Lyngby, March 13, 2013

Executive Management

Peter Rønnest Andersen
CFO, Executive Vice President

Bjerne S. Clausen
CEO

Haldor Topsøe

Board of Directors

Haldor Topsøe
Chairman

Henrik Topsøe

Jakob Topsøe

Oluf Engell

Jeppe Christiansen

Jens Kehlet Nørskov

Martin Østberg

Jette Søvang Christiansen

Søren Toft

Independent auditor's report

To the shareholder of Haldor Topsøe A/S.

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements for the financial year January 1 to December 31, 2012 which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies as well as statement of comprehensive income and cash flow statement for the Group. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act. Moreover the Consolidated Financial Statements are prepared in accordance with Danish disclosure requirements.

Management's responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements and for preparing Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at December 31, 2012 and of the results of the Group's operations and cash flows for the financial year January 1 to December 31, 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at December 31, 2012 and the results of the Parent Company's operations for the financial year January 1 to December 31, 2012 in accordance with the Danish Financial Statements Act.

Statement on Management's review

We have read Management's review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Copenhagen, March 13, 2013

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Kim Füchsel
State Authorized Public Accountant

Jesper Møller Christensen
State Authorized Public Accountant

Consolidated financial statements

Income statement and statement of comprehensive income

Income statement

DKK million	Note	2012	2011
Revenue	2	**5,244**	**4,421**
Change in inventories of finished goods and intermediate products		39	-38
Other operating income		76	78
Purchased equipment for contract work		-780	-456
Raw materials and consumables used		-1,399	-1,241
Other external expenses		-1,038	-840
Gross profit		**2,142**	**1,924**
Staff expenses	3	-1,349	-1,256
Depreciation, amortization and impairment losses for property, plant and equipment as well as intangible assets	4	-200	-201
EBIT		**593**	**467**
Financial income	5	90	162
Financial expenses	6	-118	-99
Profit before tax		**565**	**530**
Tax	7	-150	-128
Net profit		**415**	**402**

Statement of comprehensive income

DKK million	2012	2011
Net profit	**415**	**402**
Foreign currency translation adjustment	-9	0
Derivative financial instruments used for hedging of future cash flows	-5	-15
Tax on this	-3	3
Realized derivative financial instruments transferred to the income statement	14	-5
Fair value adjustment of available-for-sale financial assets	-2	-5
Tax on this	0	0
Actuarial adjustments on pension obligations	-8	-28
Tax on this	3	11
Other comprehensive income	**-10**	**-39**
Total comprehensive income	**405**	**363**

Balance sheet

Assets *DKK million*	**Note**	**December 31 2012**	**December 31 2011**	**January 1 2011**
Patents		39	36	34
Software		8	11	6
Intangible assets in progress		12	0	6
Intangible assets	8	**59**	**47**	**46**
Land and buildings		745	703	716
Plant and machinery		442	435	423
Other fixtures and equipment		130	141	132
Property, plant and equipment in progress		252	181	172
Property, plant and equipment	9	**1,569**	**1,460**	**1,443**
Other securities and investments		457	459	464
Other receivables		26	33	16
Investments	10	**483**	**492**	**480**
Non-current assets		**2,111**	**1,999**	**1,969**
Inventories	11	**1,200**	**1,137**	**1,083**
Trade receivables	12	859	993	652
Contract work in progress	13	234	129	185
Receivables from group enterprises	14	698	519	242
Other receivables	15	68	69	84
Prepayments		22	20	11
Receivables		**1,881**	**1,730**	**1,174**
Cash		**311**	**292**	**414**
Current assets		**3,392**	**3,159**	**2,671**
Assets		**5,503**	**5,158**	**4,640**

Balance sheet

Liabilities and equity *DKK million*	**Note**	**December 31 2012**	**December 31 2011**	**January 1 2011**
Share capital	16	55	55	55
Revaluation reserve	17	222	222	222
Foreign currency translation reserve	17	-11	-2	-2
Reserve for value adjustment of hedging instruments	17	-17	-23	-6
Reserve for value adjustment of available-for-sale financial assets	17	333	335	340
Retained earnings		840	720	515
Equity		**1,422**	**1,307**	**1,124**
Pension obligations and similar obligations	19	78	71	42
Deferred tax	20	347	318	312
Provisions	21	41	42	48
Bonds	22	18	22	22
Mortgage debt	22	101	111	120
Credit institutions	22	904	856	1,052
Other payables	23	21	24	32
Long-term liabilities		**1,510**	**1,444**	**1,628**
Bonds	22	4	0	0
Mortgage debt	22	10	9	9
Credit institutions	22	200	200	199
Prepayments from customers	24	457	287	398
Contract work in progress	13	904	1,119	633
Trade payables		542	366	269
Corporation tax		9	27	20
Other payables	23	437	391	355
Deferred income		8	8	5
Short-term liabilities		**2,571**	**2,407**	**1,888**
Liabilities		**4,081**	**3,851**	**3,516**
Liabilities and equity		**5,503**	**5,158**	**4,640**

Statement of changes in equity

DKK million	Share capital	Reserves	Retained earnings	Total
Equity at January 1, 2012	**55**	**532**	**720**	**1,307**
Net profit	0	0	415	415
Other comprehensive income	0	-5	-5	-10
Comprehensive income	**0**	**-5**	**410**	**405**
Dividend	0	0	-290	-290
Transactions with owners	**0**	**0**	**-290**	**-290**
Equity at December 31, 2012	**55**	**527**	**840**	**1,422**

DKK million	Share capital	Reserves	Retained earnings	Total
Equity at January 1, 2011	**55**	**554**	**515**	**1,124**
Net profit	0	0	402	402
Other comprehensive income	0	-22	-17	-39
Comprehensive income	**0**	**-22**	**385**	**363**
Dividend	0	0	-180	-180
Transactions with owners	**0**	**0**	**-180**	**-180**
Equity at December 31, 2011	**55**	**532**	**720**	**1,307**

Cash flow statement

DKK million	Note	2012	2011
Net profit		413	397
Adjustments for non-cash items	33	381	267
Change in working capital	34	142	166
Cash flows from operating activities before financial items and tax		**936**	**830**
Interest received, etc.		90	162
Interest paid, etc.		-101	-99
Cash flows from ordinary activities		**925**	**893**
Corporation tax paid		-139	-97
Cash flows from operating activities		**786**	**796**
Purchase of intangible assets		-25	-12
Purchase of property, plant and equipment		-307	-209
Fixed asset investments, net		-10	-17
Cash flows from investing activities		**-342**	**-238**
Raising of long-term loans		250	0
Repayment of long-term loans		-207	-209
Dividend		-290	-180
Cash flows from financing activities		**-247**	**-389**
Change in cash and cash equivalents		**197**	**169**
Cash and cash equivalents at January 1		812	639
Exchange adjustment		0	4
Cash and cash equivalents at December 31		**1,009**	**812**
Cash		311	292
Deposits with Haldor Topsøe Holding A/S		698	520
Cash and cash equivalents at December 31		**1,009**	**812**

Notes

List of notes

Notes

1 Accounting policies

Basis of preparation

The Consolidated Financial Statements of Haldor Topsøe A/S have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, as well as additional Danish requirements applying to presentation of annual reports of large enterprises of reporting class C.

This is the first Annual Report of the Group which has been presented in accordance with IFRSs. On transition to IFRS, IFRS 1 on first-time presentation of financial statements under IFRSs has been applied.

On transition to IFRS, the option of using deemed cost, cf. IFRS 1, D16, is not applied. The amendment to IAS 19 Employee Benefits is early adopted in connection with the transition to IFRS. This has no effect on the Financial Statements. An opening IFRS balance sheet at January 1, 2011 and comparative figures for 2011 have been prepared in accordance with Standards and Interpretations applicable at December 31, 2012.

The Financial Statements is presented in DKK 1,000,000.

Changes in accounting policies, etc.

As a consequence of the transition to IFRS, the accounting policies have been changed as follows compared to last year:

- The value adjustment of other securities and investments is recognized in equity as opposed to previous years when it was recognized in the income statement.

In addition to the above change in applied accounting policies, changes have been made to the format of the Financial Statements, including changes to names, contents and classifications of individual items as a consequence of the transition to IFRSs. Major changes are:

- Statement of Comprehensive Income: IFRS requires presentation of a statement of all recognized income and expenses (statement of comprehensive income) that are not considered transactions with the Group's shareholders.
- Disclosure of financial instruments: IFRS requires detailed information on financial instruments, including credit risks, market risks and capital management.
- Disclosure of defined benefit plans: IFRS requires detailed information on the Group's defined benefit plans.
- Provisions: Provisions do not constitute a separate category according to IFRS. Provisions are included in short-term and long-term debt, respectively.

The change in applied accounting policies has no monetary effect on equity or the comprehensive income for 2011. The change only results in reclassifications in comprehensive income and equity. Please refer to note 36 for a detailed description of the transition and impact on the individual items.

New and amended standards and interpretations not yet effective

In addition to the above, IASB has issued a number of IFRS standards, amended standards, revised accounting standards and IFRIC interpretations which are effective for financial years beginning on or after January 1, 2013.

The major changes are:

- IFRS 7 – will require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure.
- IFRS 9 – The number of categories of financial assets is reduced to two; amortized cost or fair value. The effect of changes in other credit risk on financial liabilities is recognized at fair value in other comprehensive income.
- IFRS 10 – Clarification of the definition of control over another entity. Control exists when the following conditions are met:
    - Control of the entity.
    - Exposure to variability in returns.
    - Ability to exercise control of the entity to affect returns.
- IFRS 11 – Joint arrangements are arrangements where joint control over a business activity exists and comprise two types: Joint operations and joint ventures.
- IFRS 12 – Disclosure requirements concerning interests in other entities, including subsidiaries, joint operations, joint ventures and associates.
- IFRS 13 – General standard on fair value measurement.
- Amendments to IFRSs 10, 11 and 12 which clarify that the date of first adoption of the standards is the first day of the financial year in which the standards are implemented.
- Amendments to IFRSs 10, 11 and 12 provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them.
- Amendment to IAS 1 – The amendment implies requirements of presentation of elements in other comprehensive income which will be recycled to the income statement separate from elements which will not be recycled.
- Amendment to IAS 27 – The consolidation rules are replaced by IFRS 10, and the standard then comprises the rules relating to parent company financial statements of the current IAS 27.
- Amendment to IAS 28 – Joint arrangements classified as joint ventures under IFRS 11 are recognized under the equity method of the standard. The guidance of SIC 13 on non-monetary contributions from enterprises has been incorporated into the standard.
- Amendment to IFRS 7 and IAS 32 – The amendment provides further guidance as regards offsetting and related disclosures.
- The annual improvements 2009–2011 comprise:
    - IAS 1, clarification of comparative financial information when presenting balance sheets for three years.
    - IAS 16, spare parts and servicing equipment for land, buildings and equipment are to be classified as property, plant and equipment rather than inventory when they qualify as such.
    - IAS 32, clarification of tax in the income statement and equity, respectively.
    - IAS 34, segment disclosures in interim financial statements.

Haldor Topsøe Group has thoroughly considered the impact of the IFRS standards, amended standards and IFRIC interpretations not yet effective, and it is estimated that these standards and interpretations are deemed to exert no material impact on the Consolidated Financial Statements in the coming years.

Notes

1 Accounting policies (continued)

General
The Consolidated Financial Statements have been prepared in accordance with the historical cost convention, except for the following items that are stated at fair value:

- Land and buildings.
- Financial assets available-for-sale.
- Derivative financial instruments.

Part of the information required by IFRS appears from Management's Review. The remaining information appears from the following sections.

Consolidation
The Annual Report comprises the Parent Company, Haldor Topsøe A/S, and enterprises in which the Parent Company directly or indirectly holds the majority of the voting rights or in which the Parent Company through share ownership or otherwise exercises control.

The Annual Reports included in the Consolidated Financial Statements have been presented in accordance with the Group's accounting policies. The Consolidated Financial Statements have been prepared based on the Annual Reports of the Parent Company and group enterprises by combining items of a uniform nature.

On consolidation, elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realized and unrealized profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in consolidated group enterprises are set off against the Parent Company's share of the net asset value of group enterprises at the time of consolidation.

Functional currency and presentation currency
Items in the financial statements of each of the Group's enterprises are presented in the currency used in the primary economic environment in which the enterprise operates. The Consolidated Financial Statements are presented in Danish kroner which is the functional currency and presentation currency of the Parent Company.

Translation policies
Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of transaction. Foreign currency monetary items are translated to the functional currency at the exchange rates at the balance sheet date.

Financial statements of group enterprises with another functional currency than Danish kroner are translated to Danish kroner using the exchange rates of the balance sheet date for items of the balance sheet and average exchange rates for income statement items.

Realized and unrealized foreign exchange gains and losses are recognized in financial income and financial expenses, except for unrealized losses and gains arising from hedge of future cash flows which are recognized in equity under reserve for value adjustment of hedging instruments. In addition, the following currency translation differences are recognized, translated into the exchange rates of the balance sheet date, directly in equity under the foreign currency translation reserve:

- Translation of group enterprises' net assets at the beginning of the financial year.
- Translation of group enterprises' income statements from average exchange rates to the exchange rate at the balance sheet date.
- Translation of long-term intercompany balances that are considered an addition to the net investment in group enterprises.

Derivative financial instruments
Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are recognized in "other receivables" and "other payables".

Changes in the fair values of derivative financial instruments that qualify as hedges of expected future transactions concerning purchase and sale of foreign currencies are recognized directly in equity. Amounts recognized in equity are transferred to the income statement in the period when the hedged item affects the income statement.

Changes in the fair values of derivative financial instruments that do not qualify as hedges are recognized in the income statement.

The fair values of derivative financial instruments are determined based on prices obtained from stock exchanges or other reliable data sources.

Income statement

Revenue
Revenue from sale of finished goods is recognized in the income statement when delivery and transfer of risk have been made before year end and when the income can be measured reliably and is expected to be received. Revenue is recognized exclusive of VAT and net of discounts relating to sales.

Contract work in progress is recognized at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenue and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that economic benefits, including payments, will flow to the Group.

Other operating income
Other operating income comprises income and expenses of a secondary nature to the Group's core activities, including government grants provided for research projects.

Expenses for raw materials and consumables
Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses
Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes

1 Accounting policies (continued)

Staff expenses
Staff expenses comprise wages and salaries as well as other employee related expenses.

Amortization, depreciation and impairment losses
Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Government grants
Government grants received for research and development costs are recognized in other operating income as the projects are completed. Grants received for investment in property, plant and equipment are recognized systematically over the useful life of the asset in the item ”other operating income”.

Leases
Rental expenses are recognized in the income statement on a straight-line basis over the lease term. The liability related to non-cancellable leases is disclosed in the notes.

Financial income and expenses
Financial income and expenses comprise interest, dividends and realized and unrealized foreign currency translation adjustments.

Tax
Tax consists of current tax for the year, deferred tax as well as any adjustments to prior years. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

Balance sheet

Intangible assets
Development projects
Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales and distribution involved as well as the development costs.

Development projects that do not meet the Group’s criteria for recognition in the balance sheet and research expenses are recognized as expenses in the income statement as incurred.

Other intangible assets
Internally developed patents are measured at cost less accumulated amortization and impairment losses. Patents are amortized on a straight-line basis over the remaining patent term, but not exceeding 10 years, due to the notoriously fast development in applied technologies and related uncertainty about longer amortization period.

Internally developed software for major projects is measured at cost less accumulated amortization and impairment losses. Software is amortized on a straight-line basis over 4 years.

Other intangible assets are tested for impairment when there is indication of impairment. Material impairment indicators which may lead to an impairment test are similar to those stated in the section on property, plant and equipment.

Impairment losses relating to other intangible assets are reversed if the recoverable amount subsequently increases.

Gains or losses from divestment of intangible assets are recognized in the income statement under other operating income and expenses.

Property, plant and equipment
Property, plant and equipment are measured at cost with addition of revaluations and less accumulated depreciation and impairment losses. Property, plant and equipment in progress are measured at cost.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use as well as costs of restoration to the extent that a provision is recognized at the same time.

In the case of assets of own construction, cost comprises direct and indirect expenses for labor, materials, components and sub-suppliers. Interest expenses related to construction of major property, plant and equipment are recognized in cost over the period of construction.

Property, plant and equipment are divided into sub-assets if the future useful life of the individual assets is different.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	13–40 years
Plant and machinery	5–10 years
Other fixtures and equipment	4–20 years

Land is not depreciated.

The residual value and useful lives of the assets are assessed annually and adjusted if necessary at the balance sheet date.

Revaluations which primarily concern the properties in Frederikssund, Ravnholm and Houston are performed on the basis of Management’s estimate of fair value that is based on an independent valuation. Revaluations less deferred taxes are transferred to the revaluation reserve under equity.

Property, plant and equipment are tested for impairment when there is an indication of impairment. Impairment indicators comprise e.g.:

- Reduced earnings compared to expected future results.
- Material negative development trends in the sector or the economy in the enterprise’s markets.
- Damage to the asset or changed use of the asset.

Impairment losses relating to property, plant and equipment are reversed if the recoverable amount subsequently increases.

Gains and losses from sale of property, plant and equipment are recognized in the income statement under other operating income and expenses.

Notes

1 Accounting policies (continued)

Other securities and investments
Investments are measured at fair value at the balance sheet date.

Unrealized fair value adjustments are recognized directly in equity under the reserve for value adjustment of available-for-sale financial assets. On realization, value adjustments are transferred from equity to the income statement. Impairment losses are recognized in the income statement.

Securities in the form of loans are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less write-down for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realizable value. The net realizable value of inventories is calculated as the total of future sales revenue expected to be generated in the process of normal operations and is determined allowing for marketability, obsolescence and development in expected sales sum less selling expenses.

The cost of goods for resale, raw materials and consumables equals landed costs. The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labor with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labor as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Any borrowing costs relating to the manufacturing period are not recognized.

Receivables
Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Contract work in progress
Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognized as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realizable value.

Prepayments are set off against contract work in progress. Received payments on account exceeding the performed share of contracts are determined separately for each contract and recognized in “contract work in progress” under short-term liabilities.

Expenses relating to sales work and the winning of contracts are recognized in the income statement as incurred.

Prepayments
Prepayments comprise prepaid expenses concerning the subsequent financial year. They typically include rent, insurance premiums, subscriptions and interest.

Cash
Cash comprises cash in hand and bank deposits.

Share capital
The share capital constitutes the nominal value of the enterprise’s share capital.

Reserves
The revaluation reserve includes reserve for revaluation of land and buildings.

The foreign currency translation reserve comprises all translation adjustments arising from the translation of financial statements of group enterprises with another functional currency than Danish kroner as well as translation adjustments concerning long-term intercompany balances that are considered an addition to the net investment in such enterprises.

Reserve for valuation of hedging instruments comprises the accumulated net change in the fair value of hedging transactions which meet the criteria of future cash flow hedges and where the hedged transaction has not yet been completed.

Reserve for value adjustment of financial assets available-for-sale comprises the accumulated net change in the fair value of financial assets classified as financial assets available-for-sale. The reserve is dissolved as the financial assets in question are sold.

Dividend
Proposed dividend for the financial year is recognized in retained earnings.

Pension obligations and similar obligations
Costs of defined contribution plans are recognized in the income statement in the financial year to which they relate.

The costs and liabilities of defined contribution plans are determined in accordance with the projected unit credit method. The liability is calculated annually by an actuary. Actuarial gains and losses are recognized in full in equity. Plan assets are only recognized to the extent that the Group is able to obtain future economic benefits by way of reimbursement from the plan or reduction of future contributions.

Costs related to other long-term staff benefits are accrued over the employees’ expected average working life.

Provisions
Provisions are recognized when – in consequence of a previous event – the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions are measured at Management’s estimate of the discounted amount expected required to repay the obligation.

Tax
Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities. The tax base of tax loss carry-forwards is included in the statement of deferred tax when it is probable that the losses may be used. Deferred tax is measured on the basis of the tax rules and tax rates expected to be in force when temporary differences are reversed. Any changes in deferred tax due to changes to tax rates are recognized in the income statement with the share attributable to the results for the year and directly in equity with the share attributable to entries to equity.

Notes

1 Accounting policies (continued)

Haldor Topsøe A/S and Danish group enterprises are jointly taxed. The tax for the individual companies is allocated fully on the basis of expected taxable income.

Financial debts

Loans such as mortgage loans and loans from credit institutions which are expected held to maturity are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortized cost, corresponding to capitalized value, using the effective interest rate; the difference between the proceeds and the nominal value is recognized in the income statement over the loan period.

Employee bonds are recognized as a liability concurrently with the employees being granted the bonds. Until the time of granting, the liability is measured as the value of the work that the employee has performed to achieve the right to the employee bond, corresponding to the agreed pay cut. At the time of granting, the bond loan is measured at cost.

Other debts are measured at amortized cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years and is primarily related to government grants.

Other areas

Cash flow statement

The Group's cash flow statement, which is prepared according to the indirect method, shows the Group's cash flows for the year broken down by operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit for the year adjusted for items with no cash flow effect, paid net financials, paid corporation taxes and changes in working capital.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and acquisition and disposal of property, plant and equipment as well as intangible assets.

Cash flows from financing activities comprise cash flows from the raising and repayment of loans and payment of dividends.

The Group's cash comprises the Group's cash and cash equivalents and cash deposits with Haldor Topsøe Holding A/S.

Financial highlights

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2010".

The key figures and financial ratios have been calculated as follows

$$\textbf{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\textbf{EBITDA margin} = \frac{\text{EBIT + depreciation, amortization etc.} \times 100}{\text{Revenue}}$$

$$\textbf{EBIT margin} = \frac{\text{EBIT} \times 100}{\text{Revenue}}$$

$$\textbf{Return on invested capital} = \frac{\text{EBIT} \times 100}{\text{Average invested capital}}$$

$$\textbf{Equity ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\textbf{Return on equity} = \frac{\text{Net profit} \times 100}{\text{Average equity}}$$

Material estimates and assessments

In accordance with general accounting policies, determination of the carrying amount of certain assets and liabilities requires assessments and estimates on future events. Assessments and estimates are performed based on historical experience and other factors which Management considers reasonable under the circumstances. These assumptions may be incomplete or inaccurate and unexpected issues may arise, which implies that the assessments and estimates made are subject to some uncertainty.

The Group's properties are measured in accordance with the revaluation model. Fair value is determined on the basis of a market based estimate performed by an independent, qualified valuation expert. The frequency of an independent valuation depends on the extent to which Management assesses that the market development shows signs of significant difference between the carrying amount and fair value.

Other investments are measured at fair value at the balance sheet date. To the extent that fair value cannot be derived from an active market, it is required that Management assesses and selects an appropriate method for determination of the fair value. In this case, the fair value is measured at the discounted value of expected future cash flows. Material assumptions comprise expected future cash flows, discount rates and growth rates for the period.

Inventories are measured at cost under the FIFO method. Cost is determined using a standard cost method that includes direct and indirect production costs. Direct production costs comprise raw materials, consumables and direct labor costs, whereas indirect production costs comprise indirect materials and labor costs as well as maintenance and depreciation of machinery, factories and equipment used in the production process, in addition to administrative and management expenses related to the factories. The standard cost calculations are reviewed on a regular basis to ensure that all relevant assumptions such as prices, output and capacity utilization are incorporated correctly.

Changes in the calculation method used to calculate indirect production costs may impact the gross margin and the overall measurement of inventories.

Notes

1 Accounting policies (continued)

Inventories are written down to net realizable value if this is lower than cost. The need to write down inventories is primarily assessed based on negotiability and production quality.

In Management's opinion, the Group's sale of technology is to a high degree individually adjusted, and contract work in progress is consequently measured at the selling price of the performed work based on the stage of completion. The stage of completion is determined on the basis of the share of contract costs incurred compared to the total expected contract costs. These costs are partly based on an estimate which is to a high degree based on historical experience.

Research costs are expensed when incurred. Development costs which do not meet the requirements of capitalization are expensed when incurred. Management assesses whether the capitalization requirements are met based on expectations of the technical possibility of completing the development project, expectations of the existence of a market for the product, etc.

2 Revenue

The Group's activities are in the business segment of providing catalytic processes for integrated solutions to industrial plants. The provision of these integrated solutions comprises fundamental and applied research, reaction engineering, process engineering, mechanical design and production and supply of catalysts. The Group's revenue can be specified as follows:

DKK million	**2012**	**2011**
Chemicals	2,102	1,876
Environmental	1,569	1,029
Refinery	1,573	1,516
Total revenue	**5,244**	**4,421**

Sale of products	4,881	3,912
Sale of services	363	509
Total revenue	**5,244**	**4,421**

Of the total revenue 23% (2011: 19%) derives from North America and 77% (2011: 81%) from the rest of the world.

Government grants amounting to DKK 61 million (2011: DKK 68 million) have been recognized in income statement.

3 Staff expenses

DKK million	**2012**	**2011**
Wages and salaries	1,144	1,069
Pensions – contribution plan	123	109
Pensions – defined benefit	6	7
Other social security expenses	96	88
Total	**1,369**	**1,273**
Capitalization of work performed on property, plant and equipment	-20	-17
Total staff expenses	**1,349**	**1,256**

Executive Management salary	16	22
Executive Management pension	2	3
Board members fee	2	1
Total remuneration to Executive Management and Board members	**20**	**26**

In 2011 the above amount included severance pay to the former Chief Executive Officer of DKK 8 million.

Average number of employees	2,195	2,091

Notes

4 Depreciation, amortization and impairment losses for property, plant and equipment as well as intangible assets

DKK million	2012	2011
Patents	7	7
Software	4	4
Land and buildings	26	30
Plant and machinery	80	102
Other fixtures and equipment	66	58
Assets in progress	17	0
Total depreciation, amortization and impairment losses	**200**	**201**

5 Financial income

DKK million	2012	2011
Income from other investments	34	78
Interest received from group enterprises	12	10
Interest income	3	2
Gains on derivative financial instruments (currency)	5	23
Foreign currency translation adjustments	34	47
Other financial income	2	2
Total financial income	**90**	**162**

6 Financial expenses

DKK million	2012	2011
Interest expenses	36	41
Loss on derivative financial instruments (interest)	11	13
Loss on derivative financial instruments (currency)	8	5
Foreign currency translation adjustments	39	34
Value adjustment of other investments	17	0
Other financial expenses	7	6
Total financial expenses	**118**	**99**

7 Tax

DKK million	2012	2011
Current tax for the year	83	65
Change in deferred tax for the year	65	58
Adjustments to prior years	2	5
Total tax	**150**	**128**

%	2012	2011
Danish corporation tax rate	25.0	25.0
Income not subject to tax	-1.5	-2.2
Differences in foreign tax rates	2.3	0.4
Adjustments relating to prior years	0.8	1.2
Effective tax rate	**26.6**	**24.4**

Notes

8 **Intangible assets** *DKK million*	**Patents**	**Software**	**Intangible assets in progress**
Cost at January 1, 2012	92	90	0
Additions for the year	0	0	25
Disposals for the year	-8	0	0
Transfers for the year	12	1	-13
Cost at December 31, 2012	**96**	**91**	**12**
Amortization and impairment losses at January 1, 2012	56	79	0
Amortization for the year	7	4	0
Reversal of amortization and impairment losses on sold assets	-6	0	0
Amortization and impairment losses at December 31, 2012	**57**	**83**	**0**
Carrying amount at December 31, 2012	**39**	**8**	**12**
Research and development costs expensed in 2012			539

Intangible assets *DKK million*	**Patents**	**Software**	**Intangible assets in progress**
Cost at January 1, 2011	84	81	6
Additions for the year	9	0	3
Disposals for the year	-1	0	0
Transfers for the year	0	9	-9
Cost at December 31, 2011	**92**	**90**	**0**
Amortization and impairment losses at January 1, 2011	50	75	0
Amortization for the year	7	4	0
Reversal of amortization and impairment losses on sold assets	-1	0	0
Amortization and impairment losses at December 31, 2011	**56**	**79**	**0**
Carrying amount at December 31, 2011	**36**	**11**	**0**
Research and development costs expensed in 2011			515

Notes

9 **Property, plant and equipment** *DKK million*	**Land and buildings**	**Plant and machinery**	**Other fixtures and equipment**	**Property, plant and equipment in progress**
Cost at January 1, 2012	850	2,093	564	181
Foreign currency translation adjustment	-2	-10	-1	0
Additions for the year	0	1	6	300
Disposals for the year	-1	-18	-2	-5
Transfers for the year	72	87	48	-207
Cost at December 31, 2012	**919**	**2,153**	**615**	**269**
Revaluation at January 1, 2012	317	8	0	0
Foreign currency translation adjustment	-2	0	0	0
Revaluation at December 31, 2012	**315**	**8**	**0**	**0**
Depreciation and impairment losses at January 1, 2012	464	1,666	423	0
Foreign currency translation adjustment	-1	-10	-2	0
Impairment losses for the year	0	2	0	17
Depreciation for the year	26	78	66	0
Reversal of depreciation on sold and scrapped assets	0	-17	-2	0
Depreciation and impairment losses at December 31, 2012	**489**	**1,719**	**485**	**17**
Carrying amount at December 31, 2012	**745**	**442**	**130**	**252**
Carrying amount at December 31, 2012 under the depreciated cost model	484	442	130	252
Interest expenses capitalized in 2012				0

Where Management assesses that a revaluation is material, the properties in question have been revalued by an independent valuer in connection with closing of the accounts. The valuations are based on recent market transactions between independent parties and other valuation models.

Notes

9 **Property, plant and equipment (continued)** *DKK million*	**Land and buildings**	**Plant and machinery**	**Other fixtures and equipment**	**Property, plant and equipment in progress**
Cost at January 1, 2011	832	1,963	513	172
Foreign currency translation adjustment	5	15	-1	0
Additions for the year	0	0	2	207
Disposals for the year	-3	-2	-15	0
Transfers for the year	16	117	65	-198
Cost at December 31, 2011	**850**	**2,093**	**564**	**181**
Revaluation at January 1, 2011	314	8	0	0
Foreign currency translation adjustment	3	0	0	0
Revaluation at December 31, 2011	**317**	**8**	**0**	**0**
Depreciation and impairment losses at January 1, 2011	430	1,548	381	0
Foreign currency translation adjustment	4	17	-1	0
Impairment losses for the year	0	0	1	0
Depreciation for the year	30	102	57	0
Reversal of depreciation on sold and scrapped assets	0	-1	-15	0
Depreciation and impairment losses at December 31, 2011	**464**	**1,666**	**423**	**0**
Carrying amount at December 31, 2011	**703**	**435**	**141**	**181**
Carrying amount at December 31, 2011 under the depreciated cost model	443	435	141	181
Interest expenses capitalized in 2011				0

Notes

10 **Investments**

Investments *DKK million*	Other securities and investments	Other receivables
Cost at January 1, 2012	123	33
Additions for the year	0	15
Disposals for the year	0	-5
Cost at December 31, 2012	**123**	**43**
Value adjustment at January 1, 2012	336	0
Value adjustments for the year	-2	-17
Value adjustment at December 31, 2012	**334**	**-17**
Carrying amount at December 31, 2012	**457**	**26**

Investments *DKK million*	Other securities and investments	Other receivables
Cost at January 1, 2011	123	16
Additions for the year	0	18
Disposals for the year	0	-1
Cost at December 31, 2011	**123**	**33**
Value adjustment at January 1, 2011	341	0
Value adjustments for the year	-5	0
Value adjustment at December 31, 2011	**336**	**0**
Carrying amount at December 31, 2011	**459**	**33**

Karnaphuli Fertilizer Limited, Bangladesh (KAFCO)
The Group has a shareholding in KAFCO of nominally BDT 692 million, which equals 15.01% of the shares in KAFCO. The shares are measured at an estimated market value based on a discounted cash flow calculation on the basis of the present budgets and forecasts of KAFCO. The calculation is moreover based on material assumptions in terms of growth rate and discount rate. The discount rate is determined based on Management's estimate of general capital market conditions and the specific risk profile and has been determined at 12% after tax. The growth rate in the terminal period has by Management been estimated at 0%. The discount rate is slightly lower than in 2011 and the growth rate corresponds to the 2011 rate.

Chambal Fertilizer and Chemical Ltd., India
The Group has an investment in Chambal Fertilizer and Chemicals Ltd., India, corresponding to 0.5% of the share capital. The investment is measured at the market value based on listed market value.

Chemrec AB, Sweden
The Group has issued a convertible loan to Chemrec AB amounting to SEK 20 million. The loan has been written down to DKK 0 million.

Notes

11 Inventories

DKK million	2012	2011
Raw materials and consumables	285	257
Work in progress	122	144
Finished goods	793	736
Inventories at December 31	**1,200**	**1,137**
Cost of sales for the year	1,831	1,786
Impairment losses for the year	73	88
Reversed impairment losses for the year	-58	-70

Reversal of impairment losses is attributable to disposal or reuse of impaired goods in the production.

12 Trade receivables

DKK million	2012	2011
Trade receivables, gross	**880**	**1,012**
Provision for bad debts at January 1	-19	-29
Provision for bad debts for the year	-9	0
Reversal of bad debts, prior years	7	10
Provision for bad debts at December 31	**-21**	**-19**
Trade receivables at December 31	**859**	**993**
Realized losses for the year	0	0
Of this, due after more than 1 year	0	0

13 Contract work in progress

DKK million	2012	2011
Selling price of work performed at the balance sheet date	6,203	4,464
Payments received on account	-6,873	-5,454
Contract work in progress at December 31	**-670**	**-990**
Contract work in progress recognized in assets	234	129
Contract work in progress recognized in liabilities and equity	-904	-1,119
Contract work in progress at December 31	**-670**	**-990**

Notes

14 Receivables from group enterprises

DKK million	2012	2011
Deposit with the holding company	698	520
Other receivables	0	-1
Receivables from group enterprises at December 31	**698**	**519**

Deposit with the holding company is part of a cash-pooling arrangement.

15 Other receivables

DKK million	2012	2011
VAT and tax receivable	46	35
Fair value of derivative financial instruments	2	6
Government grants	10	12
Other receivables	10	16
Other receivables at December 31	**68**	**69**
Of this, due after more than 1 year	0	0

16 Share capital

Number	2012	2011
Shares of a nominal value of DKK 55,000,000	**55,000**	**55,000**

The share capital consists of 55,000 shares of a nominal value of DKK 1,000. No shares carry any special right.

The following shareholder is recorded in the Parent Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Haldor Topsøe Holding A/S, Lyngby, Denmark.

Notes

17 Reserves
DKK million

Reserves *DKK million*	Revaluation reserve	Foreign currency translation reserve	Reserve for value adjustment of hedging instruments	Reserve for value adjustment of available-for-sale financial assets
Reserves at January 1, 2012	222	-2	-23	335
Foreign currency translation adjustment	0	-9	0	0
Derivative financial instruments used for hedging of future cash flows	0	0	-5	0
Realized derivative financial instruments transferred to the income statement	0	0	14	0
Fair value adjustment of financial assets available-for-sale	0	0	0	-2
Tax on this	0	0	-3	0
Reserves at December 31, 2012	**222**	**-11**	**-17**	**333**

Reserves *DKK million*	Revaluation reserve	Foreign currency translation reserve	Reserve for value adjustment of hedging instruments	Reserve for value adjustment of available-for-sale financial assets
Reserves at January 1, 2011	222	-2	-6	340
Foreign currency translation adjustment	0	0	0	0
Derivative financial instruments used for hedging of future cash flows	0	0	-15	0
Realized derivative financial instruments transferred to the income statement	0	0	-5	0
Fair value adjustment of financial assets available-for-sale	0	0	0	-5
Tax on this	0	0	3	0
Reserves at December 31, 2011	**222**	**-2**	**-23**	**335**

18 Dividend

Proposed dividend constitutes DKK 300 million (2011: DKK 100 million) corresponding to DKK 5,455 (2011: DKK 1,818) per share.

Dividend of DKK 190 million has been paid during the year (2011: DKK 80 million) corresponding to DKK 3,455 (2011: DKK 1,455) per share.

Notes

19 Pension obligations and similar obligations

The Group has entered into pension plans with a considerable number of the Group's employees. Most of the plans are defined contribution plans and only a small part is defined benefit plans.

Defined contribution plans

The Group finances the plans by currently paying premium to independent insurance companies that are responsible for the pension obligations. Once the pension contributions to the defined contribution plans have been paid, the Group has no further pension obligations to current or terminated employees.

Defined benefit plans

The Group has made agreements with certain groups of employees about payment of certain benefits, including pension. These pensions relate to certain employees in the Group's American subsidiary where the plan partly consists of a basic pension and partly of an additional pension for selected members of management. The pension obligations are partly hedged through an independent fund. The following amounts have been recognized in the income statement in the year:

DKK million	**2012**	**2011**
Pension costs	7	6
Interest expenses	9	10
Expected return on assets	-10	-9
Total pension recognized in staff expenses	**6**	**7**

Applied actuarial assumptions in %	**2012**	**2011**
Discount rate	3.50	4.25
Expected return on assets	7.00	7.00
Future pay increases	4.00	4.00

Expected return on assets has been determined based on the composition of the assets and general expectations to the economic development.

%	**2012**	**2011**
Shares	75	75
Bonds	25	25
Distribution of assets to cover the liability at December 31	**100**	**100**

Notes

19 Pension obligations and similar obligations (continued)

DKK million	2012	2011
Present value of pension obligations	247	217
Fair value of pension plan assets	-169	-146
Net liability at December 31	**78**	**71**

Liability at January 1	217	191
Foreign currency translation adjustment	-3	4
Pension costs	7	6
Interest expenses	9	10
Actuarial gains and losses	24	16
Pension paid	-7	-10
Present value of pension obligations at December 31	**247**	**217**

Assets at January 1	146	149
Foreign currency translation adjustment	-2	4
Expected return on assets	10	9
Actuarial gains and losses	11	-14
Paid by the company	11	8
Pension paid	-7	-10
Fair value of pension plan assets at December 31	**169**	**146**

Actual return on assets	21	-5

Expected pension payments by the Group in 2013	10	

	2010	2009	2008
Pension obligations	191	149	145
Pension plan assets	-149	-122	-97
Net liability at December 31	**42**	**27**	**48**

Notes

20 Deferred tax

DKK million	2012	2011
Deferred tax at January 1	318	312
Foreign currency translation adjustment	0	1
Tax on equity items	1	-17
Tax for the year	30	23
Tax previous years	-2	-1
Deferred tax at December 31	**347**	**318**
Intangible assets and property, plant and equipment	24	10
Inventories	-10	-29
Work in progress	339	340
Provisions	-42	-42
Other	36	39
Deferred tax at December 31	**347**	**318**
Of this, due after more than 1 year	321	313

21 Provisions

DKK million	2012	2011
Provisions at January 1	42	47
Reversal in the year	-5	-7
Provision for the year	4	2
Provisions at December 31	**41**	**42**
Warranty commitments for sold catalysts	33	30
Waste disposal	4	6
Other provisions	4	6
Provisions at December 31	**41**	**42**
Of this, due after more than 1 year	41	42

Notes

22 Long-term liabilities

DKK million	2012	2011
Bonds		
After 5 years	0	0
Between 1 and 5 years	18	22
More than 1 year	**18**	**22**
Less than 1 year	4	0
Bonds at December 31	**22**	**22**
Mortgage debt		
After 5 years	61	72
Between 1 and 5 years	40	39
More than 1 year	**101**	**111**
Less than 1 year	10	9
Mortgage debt at December 31	**111**	**120**
Credit institutions		
After 5 years	201	52
Between 1 and 5 years	703	804
More than 1 year	**904**	**856**
Less than 1 year	200	200
Credit institutions at December 31	**1,104**	**1,056**

23 Other payables

DKK million	2012	2011
Staff related items	251	233
Fair value of derivative financial instruments	38	52
Tax related items	53	51
Other payables	116	79
Other payables at December 31	**458**	**415**
Less than 1 year	437	391
More than 1 year	21	24
Other payables at December 31	**458**	**415**

Notes

24 Prepayments from customers

DKK million	2012	2011
Prepayments related to licence agreements	139	139
Prepayments related to sale of goods	318	148
Prepayments from customers at December 31	**457**	**287**

25 Assets provided as security

For the Group, non-current assets (land and buildings) with a carrying amount of DKK 432 million (2011: DKK 447 million) have been provided as security. The remaining balance of the loans secured by non-current assets as of December 31, 2012 was DKK 207 million for the Group (2011: DKK 228 million). Non-current assets are provided by means of real estate mortgage deeds and owners' mortgage deeds. The nominal value of these is DKK 376 million (2011: DKK 376 million) for the Group.

Furthermore, all assets of Haldor Topsoe Inc. have been provided as security for loan amounting to DKK 223 million (2011: DKK 269 million).

Assets are provided as security for mortgage debt and other long-term loans. In case of other debt to the secured creditors, the asset(s) provided as security may – until release thereof – serve as security for any present or future obligation that we may have towards such parties.

26 Guarantees

The outstanding balance as of December 31, 2012 for guarantees given by banks and credit insurance institutions on the Group's behalf for contract work, etc. amounted to DKK 925 million (2011: DKK 756 million). Other guarantees given by banks on the Group's behalf amounted to DKK 535 million (2011: 679 million) being guarantees for long-term loans from the European Investment Bank. Total bank and insurance guarantees given on the Group's behalf amounted to DKK 1,460 million (2011: DKK 1,435 million).

The outstanding balance as of December 31, 2012 for bank guarantees received by the Group from suppliers for contract work etc. amounted to DKK 183 million (2011: DKK 91 million).

The outstanding balance as of December 31, 2012 for letters of credit issued in favor of the Group as security for payment under various supply contracts amounted to DKK 542 million (2011: DKK 570 million).

DKK million	2012	2011
Less than 1 year	862	639
Between 1 and 5 years	568	779
After 5 years	30	17
Guarantees at December 31	**1,460**	**1,435**

Notes

27 Contractual obligations

DKK million	2012	2011
Less than 1 year	81	51
Between 1 and 5 years	287	128
After 5 years	648	22
Contractual obligations at December 31	**1,016**	**201**

Payments for the year recognized as operating lease expenses	62	51

Leases and rental agreements relate to premises and equipment, etc. and extend in some cases to 2032.

28 Contingent liabilities

The Group's property in Frederikssund, Denmark, is found to be contaminated. The Group has been ordered to prepare a proposal for remediation of the contamination. Management assesses that the remediation costs will not be significant.

29 Fee to auditors appointed at the general meeting

DKK million	2012	2011
Statutory audit fee	2	2
Other assurance statements	1	1
Tax assistance	1	1
Other assistance	2	1
Total fee to auditors appointed at the general meeting	**6**	**5**

30 Related parties

Control	**Basis**
Haldor Topsøe Holding A/S, Lyngby, Denmark	Shareholder

Other interests	
Oluf Engell, Skodsborg, Denmark	Member of Board, Lawyer

Significant influence
Executive Management and Board of Directors

Executive Management and Board of Directors

DKK million	2012	2011
Legal fees	0	1
Property rent	8	8
Outstanding at December 31	0	0

Intercompany transactions have been eliminated in the Consolidated Financial Statements.

Notes

31 **Derivative financial instruments** *DKK million*	Contract amount 2012	Fair value 2012	Contract amount 2011	Fair value 2011
EUR forward exchange contract, matures in 2014–16	187	1	0	0
EUR forward exchange contract, matures in 2013	234	1	420	4
USD forward exchange contract, matures in 2013	155	-1	0	0
EUR forward exchange contract, matures in 2012	0	0	186	2
USD forward exchange contract, matures in 2012	0	0	402	-11
Forward exchange contracts at December 31	**576**	**1**	**1,008**	**-5**
EUR CALL option, matures in 2012	0	0	743	-7
PUT/CALL options at December 31	**0**	**0**	**743**	**-7**

The Group uses forward exchange contracts to hedge against changes in exchange rates. The fair value of concluded forward exchange contracts is recognized in the balance sheet in equity. The Group thus applies the rules on hedge accounting.

The fair value of CALL options is recognized directly in the income statement as they do not hedge future cash flows.

DKK million	Contract amount 2012	Fair value 2012	Contract amount 2011	Fair value 2011
EUR interest rate swap, matures on December 31, 2021	67	-11	72	-9
USD interest rate swap, matures on March 31, 2015	223	-16	269	-22
Interest rate swaps at December 31	**290**	**-27**	**341**	**-31**

The Group uses interest rate swaps to hedge changes in interest rate levels and to thus reduce the interest rate risk. The fair value of the swaps is recognized in equity in the balance sheet. The Group thus applies the rules on hedge accounting.

DKK million	Contract amount 2012	Fair value 2012	Contract amount 2011	Fair value 2011
Aggregate amount of commodity swaps within metals, mature in 2014	15	-1	0	0
Aggregate amount of commodity swaps within metals, mature in 2013	72	-9	1	0
Aggregate amount of commodity swaps within metals, mature in 2012	0	0	18	-3
Commodity swaps at December 31	**87**	**-10**	**19**	**-3**

The Group uses commodity swaps to hedge against fluctuations in raw material prices of specific production contracts. The fair value of the swaps is recognized directly in the income statement.

Notes

32 Financial instruments

DKK million	**2012**	**2011**
Other securities and investments	457	459
Trade receivables	859	993
Other financial receivables	94	102
Cash	311	292
Financial assets at December 31	**1,721**	**1,846**
Mortgage debt and debt to credit institutions	1,215	1,176
Trade payables	542	366
Other financial liabilities	558	508
Financial liabilities at December 31	**2,315**	**2,050**
Assets available-for-sale	457	443
Derivative financial instruments	2	6
Financial assets measured at amortized cost	1,262	1,397
Classification of financial assets at December 31	**1,721**	**1,846**
Financial liabilities measured at amortized cost	2,277	1,998
Derivative financial instruments	38	52
Classification of financial liabilities at December 31	**2,315**	**2,050**
Mortgage debt and debt to credit institutions:		
Less than 1 year	210	209
Between 1 and 5 years	743	843
After 5 years	262	124
Trade payables:		
Less than 1 year	542	366
Derivative financial instruments:		
Less than 1 year	28	44
Between 1 and 5 years	5	4
After 5 years	5	4
Other financial liabilities:		
Less than 1 year	502	434
Between 1 and 5 years	18	22
After 5 years	0	0
Maturity analysis of financial liabilities at December 31	**2,315**	**2,050**

Notes

32 Financial instruments (continued)

DKK million	Level 1	Level 2	Level 3
Other securities and investments	16	0	441
Derivative financial instruments	0	-36	0
Distribution of assets stated at fair value at December 31	**16**	**-36**	**441**

Level 1: Listed prices in an active market for the same type of instrument.

Level 2: Listed prices in an active market for similar assets or liabilities or other valuation methods according to which all material input is based on observable market data.

Level 3: Valuation methods according to which material input is not based on observable market data.

The value of assets included in level 3 remains unchanged compared to last year.

Please refer to note 10 for information on input to valuation of investments in other enterprises stated at fair value in level 3.

33 Adjustments for non-cash items

DKK million	2012	2011
Financial income	-90	-163
Financial expenses	120	105
Amortization, depreciation and impairment losses, including gains and losses from sale of assets	203	204
Tax	150	128
Other adjustments	-2	-7
Total adjustments for non-cash items	**381**	**267**

34 Change in working capital

DKK million	2012	2011
Change in inventories	-69	-46
Change in receivables	295	-266
Change in contract billing	-318	374
Change in suppliers, etc.	234	104
Total change in working capital	**142**	**166**

Notes

35 List of group companies

Name	Registered office	Share capital (thousands)	Voting and ownership share
Haldor Topsoe, Inc.	Houston, USA	USD 5,000	100%
Topsoe Fuel Cell A/S	Lyngby, Denmark	DKK 30,000	100%
Haldor Topsoe India Pvt. Ltd.	New Delhi, India	INR 131,063	100%
Haldor Topsoe (Beijing) Co., Ltd	Beijing, China	CNY 3,993	100%
Haldor Topsøe International A/S	Lyngby, Denmark	DKK 500	100%
ZAO Haldor Topsoe	Moscow, Russia	RUB 3,500	100%
Haldor Topsoe America Latina	Buenos Aires, Argentina	ARS 300	100%
Haldor Topsoe Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR 1,000	100%
Haldor Topsoe Canada Ltd.	Vancouver, Canada	CAD 100	100%
Haldor Topsoe Catalisadores e Tecnologias do Brasil	Rio de Janeiro, Brazil	BRL 633	100%
SAICA ApS	Lyngby, Denmark	DKK 1,000	100%
Haldor Topsoe S.A.	Cape Town, South Africa	ZAR 2,000	100%

Notes

36 Changes in accounting policies

Income statement *DKK million*	**DK GAAP 2011**	**Effect of transition to IFRS**	**IFRS 2011**
Revenue	**4,421**	**0**	**4,421**
Change in inventories of finished goods and intermediate products	-38	0	-38
Other operating income	78	0	78
Purchased equipment for contract work	-456	0	-456
Raw materials and consumables used	-1,241	0	-1,241
Other external expenses	-840	0	-840
Gross profit	**1,924**	**0**	**1,924**
Staff expenses	-1,256	0	-1,256
Depreciation, amortization and impairment losses for property, plant and equipment as well as intangible assets	-201	0	-201
EBIT	**467**	**0**	**467**
Financial income	163	-1	162
Financial expenses	-105	6	-99
Profit before tax	**525**	**5**	**530**
Tax	-128	0	-128
Net profit	**397**	**5**	**402**

Statement of comprehensive income *DKK million*	**DK GAAP 2011**	**Effect of transition to IFRS**	**IFRS 2011**
Net profit	**397**	**0**	**402**
Foreign currency translation adjustment	0	0	0
Derivative financial instruments used for hedging of future cash flows	0	-25	-25
Tax on this	0	3	3
Realized derivative financial instruments transferred to the income statement	0	5	5
Fair value adjustment of available-for-sale financial assets	0	-5	-5
Tax on this	0	0	0
Actuarial adjustments on pension obligations	0	-28	-28
Tax on this	0	11	11
Other comprehensive income	**0**	**-39**	**-39**
Total comprehensive income	**397**	**-39**	**363**

Notes

36 Changes in accounting policies (continued)

Assets *DKK million*	**DKK GAAP December 31 2011**	**Effect of transition**	**IFRS December 31 2011**	**DKK GAAP January 1 2011**	**Effect of transition**	**IFRS January 1 2011**
Non-current assets	**1,999**	**0**	**1,999**	**1,969**	**0**	**1,969**
Current assets	**3,159**	**0**	**3,159**	**2,671**	**0**	**2,671**
Assets	**5,158**	**0**	**5,158**	**4,640**	**0**	**4,640**

Liabilities and equity *DKK million*	**DKK GAAP December 31 2011**	**Effect of transition**	**IFRS December 31 2011**	**DKK GAAP January 1 2011**	**Effect of transition**	**IFRS January 1 2011**
Share capital	55	0	55	55	0	55
Revaluation reserve	222	0	222	222	0	222
Foreign currency translation reserve	0	-2	-2	0	-2	-2
Reserve for value adjustment of hedging instruments	0	-23	-23	0	-6	-6
Reserve for value adjustment of available-for-sale financial assets	0	335	335	0	340	340
Retained earnings	1,030	-310	720	847	-332	515
Equity	**1,307**	**0**	**1,307**	**1,124**	**0**	**1,124**
Long-term liabilities	**1,444**	**0**	**1,444**	**1,628**	**0**	**1,628**
Short-term liabilities	**2,407**	**0**	**2,407**	**1,888**	**0**	**1,888**
Liabilities	**3,851**	**0**	**3,851**	**3,516**	**0**	**3,516**
Liabilities and equity	**5,158**	**0**	**5,158**	**4,640**	**0**	**4,640**

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