

Gorilla Glue Europe A/S

Central Business Registration number 31270561

Annual Report 2012

Disclosed and approved on the Annual General Meeting of the company the 14/2 2013

Chairman



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Company details

The Company

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Domicile: Helsingør

Central Business Registration no.: 31270561
Financial reporting period: 1. January - 31. December
Financial year: 5
Customer code: 14380251

Board of Directors

Poul Mortensen
Howard Nicholas Ragland IV
John Jacob Ragland
Joseph Anthony Ragland
Karen Anderson
Tom Ammitzholt
Peter Daniel Ragland

Management

Tom Ammitzholt
Poul Mortensen

Financial Institution

Danske Bank
Holmens Kanal 2
1000 København K

Company details

Lawyer

Brix Jensen & Havemann
Frederiksgade 2, 4.
1000 København K

Auditor

Revision København
Godkendt revisionspartnerselskab
Certified Public Accountants (Ltd.)
Finsensvej 80 A, 1. sal.
2000 Frederiksberg
Denmark

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Statement by the board of directors and management

The Board of Directors and the Management have considered and approved the Annual Report 2012 of Gorilla Glue Europe A/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the accounting policies applied are appropriate and the Annual Report gives a true and fair view of the company's assets, liabilities, financial position and profit for the year.

We recommend that the Annual Report be endorsed by the Annual General Meeting.

Kvistgård, February 28th 2013

Management:

Tom Ammitzholt



Poul Mortensen

Board of Directors:



Poul Mortensen

Howard Nicholas Ragland IV

John Jacob Ragland

Joseph Anthony Ragland



Karen Anderson



Tom Ammitzholt

Peter Daniel Ragland

Independent auditors' report

To the Shareholders of Gorilla Glue Europe A/S

We have audited the Financial Statements of Gorilla Glue Europe A/S for the financial year 2012, which comprise income statement, balance sheet and notes, including summary of significant accounting policies. The Annual Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as the overall presentation of the financial statements.

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

The audit has not resulted in any qualification.

Independent auditors' report

Opinion

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

Additional information concerning conditions in the financial statements

Without affecting our conclusion, we draw attention to note 7 that outlines conditions to be met in order to continue operations.

Statement on Management's Review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, February 28th 2013

Revision København

Godkendt revisionspartnerselskab
Certified Public Accountants (Ltd.)



Børge Nørvang Jensen HD
Certified Public Accountant

Management's Annual Review

The company's main activities

Marketing and sale of glue and other related products to DIY "Do-it-yourself stores" and other appropriate retail.

Development in activity and economic affairs

The Company has continued its normal activities. There have been no isolated events in the financial year, which are of such significant nature that they require mentioning in the management report.

Uncertainty in the recognition and measurement

As the company is keeping its entire bookkeeping in British Pounds, income statement is currency translated according to an average currency rate. This means that the company does not currency translate on booking date, but instead is doing this at the end of the year. This is based on an accounting estimate and therefore means that transactions are connected with some uncertainty.

The decision, made by the Management, is based on the companies physical location in England and that the company is taxable in England as well.

Outlook for 2013

In 2013 the company will further develop the product lines, and expects a further improvement of operating profit.

Post balance sheet events

No events have taken place after the end of the accounting year that could materially effect the financial position of the company.

Accounting policies applied

The Financial Statements for Gorilla Glue Europe A/S for 2012 have been presented in accordance with the Danish Financial Statements Act.

The accounting policies for current year are unchanged in comparison to last year.

Recognition and measurement in general

In the income statement, income is recognized when earned. Value adjustments of financial assets and liabilities are also recognized. All expenses, including amortization/depreciation and write-downs, are recognized in the income statement as well.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below under each individual accounting item.

Certain financial assets and liabilities are measured at amortized cost, meaning that a constant effective interest rate is recognized over the term. Amortized cost is calculated by reference to the historic cost less repayment, if any, and plus/less accumulated amortization of the difference between the cost and the nominal value.

For recognition and measurement purposes, allowance is made for predictable losses and risks which are identified before the presentation of the Annual Report and which confirm or invalidate matters existing at the balance sheet date.

Translation of foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate of the transaction date. Exchange differences arising between the rate at the date of the transaction and the rate at the date of payment are recognized in the income statement as a financial item.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and the rate at the time the receivable or payable occurs are recognized in the income statement under financial income and expenses.

Fixed assets acquired in foreign currencies are translated to the exchange rate of the transaction date.

Accounting policies applied

Profit and loss account

Gross profit

Revenue, production costs, distribution costs and administrative expenses are shown as gross profit.

Revenue

Income from the sale of goods for resale and finished goods is recognized in the income statement if the goods have been delivered and the risk has passed to the purchaser before the year-end. Revenue is recognized exclusive of VAT and net of discounts related to the sale.

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.

Staff costs

Staff costs include wages and salaries, social security costs, pensions, etc.

Net financials

Financial income and expenses are recognized with the amounts that concern the reporting period. Financial income and expenses include interest income and expenses, financial expenses related to finance leases and realized and unrealized exchange gains and losses concerning debt and transactions in foreign currency, amortization of financial assets and liabilities surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax of the year

The tax charge for the year, which includes current tax and changes in deferred tax, is recognized in the income statement in regards to the portion that relates to the net profit/loss for the year and is transferred directly to equity in regards to the portion that relates to items recognized directly in equity. The portion of the recognized tax relating to the extraordinary profit/loss for the year is transferred to this, whereas the remaining portion is taken to the ordinary profit/loss for the year.

Accounting policies applied

Balance Sheet

Intangible assets

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Tangible fixed assets

Plant and machinery and other fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation.

The cost includes the cost of acquisition and expenses directly related to the acquisition until the time when the asset is ready to be put into use.

Straight-line depreciation is made on the basis of the following assessment of the expected useful life of the individual assets and for standard machinery, including a scrap value of approx. 20%.

| | |
|--|---------|
| Other plants, operating equipment, fixtures and fittings | 5 years |
|--|---------|

Assets at a cost of less than DKK 12,300 each are expensed in the income statement in the year of acquisition.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the sales price less cost of sales and the net book value at the time of sale. Gains and losses are included in the income statement.

All leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rent agreements are recognized in the profit and loss account during the lifetime of the contract. The company's total liabilities concerning operational leasing and rent agreements are recognized under contingencies etc.

Inventories

Inventories consist of raw materials, work in process and finished goods. Inventory is valued at the lower of cost or market, determined by the first-in, first-out method.

The Company closely monitors and analyzes inventory for potential obsolescence and slow moving items based upon the aging of the inventory and inventory turns by product. Inventory items designated as obsolete or slow-moving are reduced to net realizable value. Inventories are measured at purchase price according to the FIFO principle. If the net realizable value is lower than the cost, they are written down to the lower value.

Accounting policies applied

Trade receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. The value is written down to the net realizable value to meet expected losses.

Prepaid expenses

Prepayments recognized under assets include payments relating to costs in subsequent periods after the balance sheet date.

Liabilities

Other liabilities, including trade payables, payables to group enterprises and other amounts payable, are measured at amortized cost, which usually corresponds to the nominal value.

Also capitalized residual leasing liabilities in connection with capital leasing contracts are recognized in the financial liabilities.

Due tax and deferred tax

Deferred tax is measured according to the balance sheet liability method as all temporary differences between the book value of the assets and liabilities and their value for taxation purposes. Where alternative tax rules can be applied when calculating tax values, deferred tax is assessed on the basis of the projected use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax losses carried forward, are recognized at the value at which they are expected to be employed, either by offsetting against tax on future income or on deferred tax liabilities within the same legal taxation unit. Any deferred net tax assets are measured at nominal value.

Deferred tax is measured on the basis of the tax rules and tax rates applicable in accordance with the legislation in force at the balance sheet date when the deferred tax is expected to be converted to current tax. The effect on deferred tax of any changes in tax rates is included in the income statement.

| | | 2012 kr. | 2011 tkr. |
|---|---|------------------|--------------|
| Profit and loss account | | | |
| Gross Profit | | 1.601.650 | 1.326 |
| Staff Cost | 1 | -2.096.237 | -1.840 |
| Depreciation and amortization of tangible and intangible assets | | -71.197 | -86 |
| Earnings | | -565.784 | -600 |
| Other financial income | | 85.843 | 50 |
| Other financial costs | | -54.502 | -85 |
| Profit / loss on ordinary activities before tax | | -534.443 | -635 |
| Tax on profit for the year | 2 | 97.082 | 117 |
| Profit / loss for the year | | -437.361 | -518 |
| Retained earnings | | -437.469 | -518 |
| Proposed distribution of profit: | | -437.469 | -518 |

| | 31.12.2012 kr. | 31.12.2011 tkr. |
|--|-------------------|--------------------|
| Balance Sheet, Assets | | |
| Intangible assets, other | 103.775 | 156 |
| Intangible assets | 103.775 | 156 |
| Other fixtures and fittings, tools and equipment | 0 | 19 |
| Tangible fixed assets | 0 | 19 |
| Total Fixed Assets i alt | 103.775 | 175 |
| Raw materials and supplies | 2.056.533 | 1.583 |
| Inventories | 2.056.533 | 1.583 |
| Accounts receivable | 2.299.320 | 1.466 |
| Receivables from group enterprises | 10.000 | 5 |
| Other receivables | 31.055 | 127 |
| Deferred tax assets | 3 1.351.496 | 1.254 |
| Prepayments | 100.543 | 70 |
| Receivables | 3.792.414 | 2.922 |
| Cash at bank and in hand | 778.265 | 613 |
| Total Current Assets | 6.627.212 | 5.118 |
| Total Assets | 6.730.987 | 5.293 |

| | | 31.12.2012 | 31.12.2011 |
|--|---|------------------|--------------|
| | | kr. | tkr. |
| Balance Sheet, Equity and Liabilities | | | |
| Share Capital | 4 | 8.000.000 | 8.000 |
| Retained earnings | 5 | -4.519.572 | -4.082 |
| Total Stockholders' equity i alt | | 3.480.428 | 3.918 |
| Trade payables | | 3.250.559 | 1.375 |
| Current liabilities | | 3.250.559 | 1.375 |
| Liabilities i alt | | 3.250.559 | 1.375 |
| Total equity and liabilities i alt | | 6.730.987 | 5.293 |
| Contingent liabilities | 6 | | |
| Going concern | 7 | | |
| Related parties | 8 | | |

| | 2012 | 2011 |
|--|-------------------|---------------|
| | kr. | tkr. |
| Notes | | |
| <hr/> | | |
| 1 Staff Cost | | |
| Salaries | -2.054.924 | -1.803 |
| Pensions | -17.329 | -18 |
| Social costs | -23.984 | -19 |
| | <u>-2.096.237</u> | <u>-1.840</u> |
| 2 Tax on profit for the year | | |
| Deferred Tax | 97.082 | 117 |
| | <u>97.082</u> | <u>117</u> |
| 3 Deferred tax assets | | |
| Deferred Tax Asset | 1.351.496 | 1.254 |
| | <u>1.351.496</u> | <u>1.254</u> |
| 4 Share Capital | | |
| Share Capital | 8.000.000 | 8.000 |
| | <u>8.000.000</u> | <u>8.000</u> |
| The share capital consists of 8.000 shares of nominal value DKK 1,000. No shares have special rights. | | |
| 5 Retained earnings | | |
| Retained earnings | -4.082.103 | -3.564 |
| Profit/Loss carried forward | -437.469 | -518 |
| | <u>-4.519.572</u> | <u>-4.082</u> |

| | 2012 | 2011 |
|--|------|------|
| | kr. | tkr. |

Notes

6 Contingent liabilities

Security for loans and guarantees:

The Company has not pledged assets or made some form of security.

Contingent liabilities:

There are no contingent liabilities.

7 Going concern

It is a prerequisite for its ability to continue operations that the parent companies continue to provide the necessary liquidity.

Management expects that liquidity will continue to be made available to the company.

8 Related parties

Ownership

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

Gorilla Holding ApS, 65 %.

Nordcoll A/S, 35 %.