

# Annual Report

2006/2007



applied know how

For some it is just plastic

- for us it represents 100,000 opportunities

## Courage to Seek New Ways

We can look back on a busy year in which we have worked determinedly to create value for our customers, employees, shareholders and society in general. Most of our goals and objectives have been met, and we can therefore ascertain that RIAS is maintaining the stable development that has characterised our company for quite a number of years.

In the past year, we have chosen to take a further step in the value chain by offering our customers processed products. One might object, and there are definitely those who have done so, that we have consequently ventured into areas that some of our customers see as their domain. But we are convinced that, with this decision, we will add value to both our customers and to RIAS – the two things go hand in hand.

It is completely fundamental for RIAS that we create, at all levels, the special spirit that makes a difference in the day-to-day activities. We have taken a large number of initiatives aimed at creating a workplace that is characterised by an even higher degree of competence and flexibility. We have commenced a process of professional management development, we have worked on knowledge sharing in the sales department, we have made changes to our warehouse procedures and we have invested in new technology. These measures and a number of other investments have created a stronger RIAS, which is ready to meet the ambition to create continued growth to the benefit of all parties.

Growth is a key word, because a bigger and stronger RIAS enables us to follow our customers out onto the growing markets. A good example is DIY centres and superstores, where we have reached new customers outside Denmark via the major players in the sector.

It may seem like a cliché when we state that our focus is on the customer. But in RIAS, this has, among other measures, meant that we have asked our customers about their opinions on us. We use the specific knowledge that we acquire through these customer satisfaction analyses to improve our activities further. Only if we know each other well will our customers and we be able to create the necessary valuable interaction.

RIAS wishes to make a noticeable difference in the day-to-day activities. We set very high goals, and we have rigorous requirements for our own performance. The reason why we are focusing on Market, Organisation, Human Resources and Profitability in this Annual Report is precisely that it is in the interaction between these central areas that we find the key to the constant growth and progress that we are to create for our company.

Finally, there may be one more ingredient involved, i.e. the courage to seek new ways. The Danish poet and philosopher Søren Kierkegaard once said these wise words about *courage*: "To dare is to lose one's footing momentarily. Not to dare is to lose oneself."

We dare to lose our footing momentarily, but I promise that, even in that moment, we will not for a second take our eye off the objective: To create value for our customers, employees, shareholders and society in general.



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From left: Peter Ø. Hansen, Hans Christoffersen, Klaus W. Roth, Peter Swinkels, Lars Vollmers. Kurt Lausus was absent

### **Klaus W. Roth**

Chairman

Board memberships in other companies:

Chairman in TK Plastic Ibérica S.L., Spain, Röhm Italia S.r.l., Italy, Alfaplast AG, Switzerland, Neomat AG, Switzerland, Notz Plastics AG, Switzerland.

Member of the Board of Directors in Indu-Light AG, Switzerland, Resopal S.A., Spain.

Managing Director of ThyssenKrupp Röhm Kunststoffe GmbH, Germany.

### **Hans Christoffersen**

Vice-Chairman

Board memberships in other Danish limited companies:

Member of the Board of Directors in Atelier Alfa A/S, Brøchner Hotels A/S, Clemmensen Biscuit A/S, DataPro A/S, DCSU A/S, E. H. Invest A/S, Ejendomsaktieselskabet Berlingsbakke, J. & R. Frydenberg A/S, Johansen Dekoration A/S, Land & Leisure A/S, Henning Larsens Tegnestue A/S, Poul Poulsen Consult A/S, Santropa A/S, A. J. Aamund A/S.

### **Peter Swinkels**

Member of the Board of Directors

Board memberships in other companies:

Managing Director of ThyssenKrupp Otto Wolff N.V., Belgium, ThyssenKrupp Röhm B.V., Holland, Stokvis Plastics B.V., Holland.

### **Kurt Lausus**

Member of the Board of Directors

Board memberships in other companies:

Member of the Board of Directors in Carolina Building Materials Inc., Puerto Rico, Ferromontan Inc., Puerto Rico, ThyssenKrupp Stahlunion Polska Sp. z.o.o., Poland, ThyssenKrupp Cadillac Plastics S.L., Spain, Neomat AG, Switzerland, Notz Plastics AG, Switzerland, ThyssenKrupp Otto Wolff N.V./S.A., Belgium, B.V., Nedeximpo Nederlandse Export, Holland, ThyssenSudamerica N.V., Netherlands Antilles, Indo German International Private Ltd, India, Pironet NDH AG, Germany.

Managing Director of ThyssenKrupp Röhm Kunststoffe GmbH, Germany, Otto Wolff Kunststoffvertrieb GmbH, Germany, Aloverzee Handelsgesellschaft GmbH, Germany, ThyssenKrupp Mannex GmbH, Germany.

Chief Executive Officer of Otto Wolff Handelsgesellschaft GmbH, Germany.

### **Lars Vollmers**

Member of the Board of Directors

Elected by the employees

### **Peter Ø. Hansen**

Member of the Board of Directors

Elected by the employees

**Henning Hess**

Managing Director

**Finn Christoffersen**

Technology

**Benny Dalsten**

Chief Financial Officer

**Lars Mygind**

Supply Chain Officer

**Gert Fisker**

Sales Director, Building and Construction Division

**Claus H. Grove**

Sales Manager, Industry Division

**Susanne Teglers**

HR Manager



*From left: Finn Christoffersen, Susanne Teglers, Gert Fisker, Henning Hess, Claus H. Grove, Benny Dalsten, Lars Mygind.*



## RIAS' History

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- 1959** Knud E. Jacobsen founds RIAS (Roskilde Industri Aktie Selskab) in Roskilde. The company produces cast acrylic sheets
- 1963** The activities are supplemented with distribution of plastic semi-manufactures
- 1973** Establishment of subsidiary in Stockholm
- 1975** Establishment of subsidiary in Oslo
- 1985** RIAS becomes listed on the Copenhagen Stock Exchange
- 1987** The Knud E. Jacobsen family, sells the majority shareholding to the Finnish Amer Group
- 1990** The Amer Group sells its shareholding to Thyssen Handelsunion AG, Germany. During the following months and years, the activities in the foreign subsidiaries are wound up, and RIAS subsequently concentrates on its core activities on the Danish market
- 1997** RIAS consolidates its leading position on the Danish market for plastic semi-manufactures by taking over the plastic activities from Tibnor Danmark A/S
- 1999** RIAS acquires the processing company Akni Plast ApS, now named RIPRO (RIAS Production), as part of RIAS' strategy to offer its customers industrial processing of plastic semi-manufactures of a high level of craftsmanship, including laser cutting, milling, bending, drilling, gluing and polishing
- 2002** RIAS takes over the activities in RODENA A/S, thus significantly strengthening its position as a supplier of plastic products and accessories to DIY centres and superstores in Scandinavia
- 2006** Inauguration of a modern warehouse building of 2400 square metres, after which all RIAS' activities are gathered at Industrivej in Roskilde. Concurrently, the administrative premises are refurbished and extended with new conference facilities and reception

RIAS A/S is today the leading supplier of plastic semi-manufactures to industry, the building sector and the public sector in Denmark, and the company forms part of the leading plastics division in Europe in the ThyssenKrupp Röhm Kunststoffe Group.



## Endorsement of the Annual Report by the Management

The Board of Directors and the Management Board have, this date, discussed and approved the Annual Report for 2006/07 for RIAS.

The Annual Report has been audited and presented in accordance with the recognition and measurement rules in International Financial Reporting Standards (IFRS) and Danish disclosure requirements for the financial statements of listed companies.

We regard the accounting policies applied as sound and proper, and we are of the opinion that the Annual Report for 2006/07 consequently gives a true and fair view of the company's assets, liabilities and financial position as at 30 September 2007 as well as of the result of the Company's activities for the period 1 October 2006 – 30 September 2007.

The Annual Report is recommended for adoption by the Annual General Meeting.

Roskilde, 13 December 2007

### Management



Hening Jess  
Managing Director

### Board of Directors



Klaus W. Roth  
Chairman



Hans Christoffersen  
Vice-Chairman



Lars Vollmers



Kurt Lausus



Peter Svinkels



Peter Ø. Hansen

### Auditor's Report

We have audited the Annual Report for RIAS for the financial year 1 October 2006 - 30 September 2007 comprising the Endorsement of the Annual Report by the Management, Management Report, Accounting Policies Applied, Profit and Loss Account, Balance Sheet, Statement of Changes in Equity Capital, Cash Flow Statement and Notes. The Annual Report is presented in accordance with International Financial Reporting Standards (IFRS) as approved by the EU as well as Danish disclosure requirements for the annual reports of listed companies.

### The management's responsibility for the Annual Report

The management is responsible for the preparation and presentation of an Annual Report that gives a true and fair view in accordance with International Financial Reporting Standards (IFRS) as approved by the EU as well as Danish disclosure requirements for the annual reports of listed companies. The management's responsibility comprises the preparation, implementation and maintenance of internal control procedures that are relevant for the preparation and presentation of an Annual Report that gives a true and fair view without containing any material misstatements regardless of whether the misstatements are due to fraud or errors. The management's responsibility also comprises the choice and application of sound and proper accounting policies and the performance of accounting estimates that are reasonable based on the circumstances.

### The auditor's responsibility and basis of the opinion expressed

We are responsible for expressing an opinion on the Annual Report based on our audit. We have conducted our audit in accordance with Danish auditing standards. These standards stipulate that we must meet ethical requirements and that we must plan and conduct our audit with a view to obtaining reasonable assurance that the Annual Report does not contain any material misstatements.

An audit comprises auditing procedures aimed at obtaining audit evidence for the amounts and disclosures stated in the Annual Report. The auditing procedures chosen will depend on the auditor's assessment, including the assessment of the risk of any material misstatements in the Annual Report, regardless of whether the misstatements are due to fraud or errors. In connection with the risk assessment, the auditor considers internal control measures that are relevant for the company's preparation and presentation of an Annual Report that gives a true and fair view in order to prepare suitable auditing procedures in accordance with the circumstances in question, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control systems. An audit also comprises an assessment of whether the accounting policies applied by the management are sound and proper, whether the accounting estimates made by the management are reasonable as well as an assessment of the overall presentation of the Annual Report.

We believe that our audit provides a reasonable basis for our opinion. Our audit has not resulted in any qualifications.

### Opinion

In our opinion, the Annual Report gives a true and fair view of the Company's assets, liabilities and financial position at 30 September 2007 and of the results of the Company's operations and cash flows for the financial year 1 October 2006 - 30 September 2007 in accordance with International Financial Reporting Standards (IFRS) as approved by the EU as well as Danish disclosure requirements for the annual reports of listed companies.

**RIR REVISION**  
Statsautoriserede revisorer I/S  
  
Hanne Brødsgaard  
State-Authorised Public Accountant

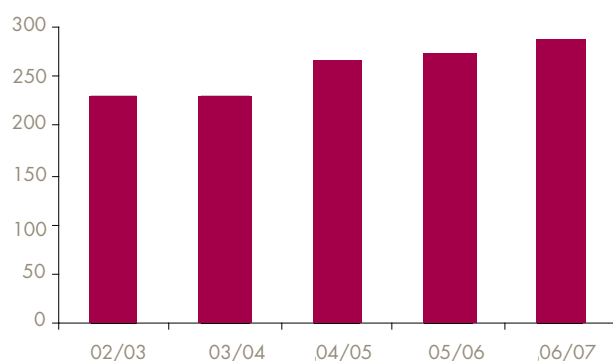
**PricewaterhouseCoopers**  
Statsautoriseret Revisionsinteressentskab  
  
Ib Kaaber  
State-Authorised Public Accountant



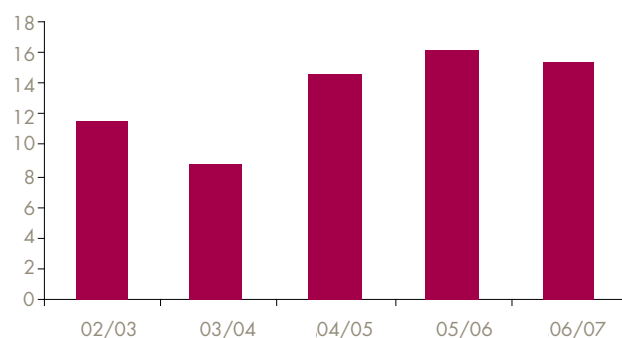
## Financial and Operational Highlights

	2006/07	2005/06	2004/05	2003/04	2002/03
<b>Profit and loss account (DKK million)</b>					
Net sales	285,1	273,2	263,2	228,6	228,1
Cost of sales	203,8	192,7	182,3	158,3	157,3
Gross profit	81,3	80,5	80,9	70,3	70,8
Capacity costs	63,1	61,0	60,6	55,6	53,3
Depreciation and writedowns	3,6	4,1	6,3	6,5	6,7
Profit before net financials	14,6	15,4	14,0	8,2	10,8
Financial income, net	0,7	0,7	0,4	0,4	0,4
Profit before tax	15,3	16,1	14,4	8,6	11,2
Tax on profit for the year	3,2	4,6	3,6	2,7	3,5
<b>Profit for the year</b>	<b>12,1</b>	<b>11,5</b>	<b>10,8</b>	<b>5,9</b>	<b>7,7</b>
<b>Balance sheet at year-end (DKK million)</b>					
Fixed assets	67,7	62,5	45,9	49,3	53,4
Current assets	104,1	102,0	107,7	87,0	77,2
<b>Assets</b>	<b>171,8</b>	<b>164,5</b>	<b>153,6</b>	<b>136,3</b>	<b>130,6</b>
Shareholders' equity	134,8	125,0	115,8	106,9	103,0
Deferred tax	8,6	7,8	6,9	7,6	7,4
Current liabilities	28,4	31,7	30,9	21,8	20,2
<b>Liabilities and shareholders' equity</b>	<b>171,8</b>	<b>164,5</b>	<b>153,6</b>	<b>136,3</b>	<b>130,6</b>
<b>Investments, net, in intangible &amp; tangible fixed assets (DKK million)</b>	<b>8,7</b>	<b>20,6</b>	<b>2,6</b>	<b>2,0</b>	<b>22,3</b>
<b>Average number of full-time employees</b>	<b>92</b>	<b>91</b>	<b>90</b>	<b>89</b>	<b>97</b>

Net sales (DKK million)



Profit before tax (DKK million)



<b>Financial ratios</b>	<b>2006/07</b>	<b>2005/06</b>	<b>2004/05</b>	<b>2003/04</b>	<b>2002/03</b>
Gross profit margin	29%	29%	31%	31%	31%
Profit margin	5%	6%	5%	4%	5%
Return on investment	10%	12%	12%	7%	10%
Earnings per DKK 100 share	53	50	47	26	33
Dividend per DKK 100 share	10	10	10	8	9
Book value per DKK 100 share	585	542	502	464	447
Return on equity before tax	12%	13%	13%	8%	11%
Return on equity after tax	9%	10%	10%	6%	8%
Equity ratio	78%	76%	75%	78%	79%
Quoted price at end of September per DKK 100 share	620	690	585	380	260

Key figures and financial ratios for 2006/07 and 2005/06 have been prepared in accordance with IFRS, cf. the section "Accounting Policies Applied". The comparative figures for 2002/03 - 2004/05 have not been adjusted to the change in accounting policies applied, but have been prepared in accordance with the previous accounting policies applied, based on the provisions in the Danish Company Accounts Act and Danish financial reporting standards.

#### **Definitions, financial ratios:**

**Gross profit margin** has been computed as gross profit as a percentage of net sales.

**Profit margin** has been computed as profit before net financials as a percentage of net sales.

**Return on investment** has been computed as profit before net financials as a percentage of average operational assets for the year, i.e. of total assets less cash and cash equivalents and financial fixed assets.

**Earnings per DKK 100 share** has been computed as profit for the year divided by 1/100 of the share capital after deduction of the company's holding of own shares, at year-end.

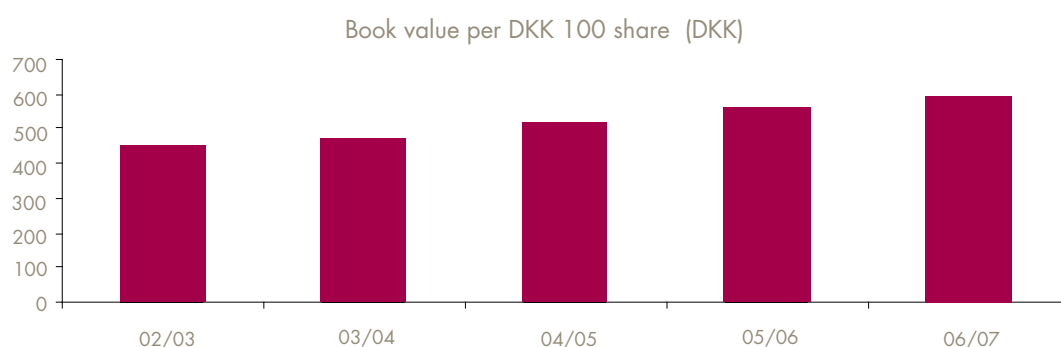
**Dividend per DKK 100 share** has been computed as dividend divided by 1/100 of the share capital after deduction of the company's holding of own shares, at year-end.

**Book value per DKK 100 share** has been computed as shareholders' equity at year-end divided by 1/100 of the share capital after deduction of the company's holding of own shares, at year-end.

**Return on equity before tax** has been computed as profit before tax as a percentage of average shareholders' equity for the year.

**Return on equity after tax** has been computed as profit for the year as a percentage of average shareholders' equity for the year.

**Equity ratio** has been computed as shareholders' equity at year-end as a percentage of total assets at year-end.



### Annual Report and Accounts

In the opinion of the Board of Directors and Management all material information for an evaluation of the Company's financial position, the results for the year and the financial development appear from the annual accounts and the present Annual Report.

### Main Activities of RIAS A/S and Significant Events during the Accounting Year

Like in previous years, the main activities of the Company during the accounting year were concentrated on sales and distribution of semi-manufactured plastics for all sectors within the manufacturing, building and construction industries as well as the public sector.

RIAS has made goal-oriented investments in developing its activities to ensure that the company has a future-proof business. The new warehouse facilities were ready to be taken into use on 30 October 2006, and the extension of the warehouse by 2400 square metres made it possible to terminate the Company's external leases and to gather all activities at Industrivej.

Based on the objective that the Company is to provide the best customer service on the market also in the future, RIAS commenced an extensive reorganisation of the Company in 2007. The changes are based on a systematic analysis of all levels in the Company as well as an in-depth analysis of the customers' expectations for RIAS.

The innovations include the establishment of warehouse teams, so that the day-to-day procedures are performed more flexibly. Another innovation is the breakdown of demarcations in the sales organisation, so that more employees than before will be able to serve the same customer throughout the process.

Extensive training programmes are implemented to ensure that competencies are spread to more employees.

Concurrently, the whole organisation has commenced a process, under the heading 6S, which is also to contribute to making the work procedures more efficient. The six S's stand for: Sorting, Simplification, Systematic Cleaning, Standardisation, Self-discipline and Safety.

The demand for industrial processing with a high level of craftsmanship is growing, and an increasing number of customers wish to receive turnkey consignments. Through RIPRO, RIAS offers customised products in plastic, aluminium or aluminium composite materials. The orders are executed in quantities ranging right from a single copy to large series.

In order to establish a closer dialogue with the customers, RIAS has launched the newsletter RIAS KNOW HOW UPDATE. The newsletter describes products and specific solutions chosen by customers.

A new improved e-commerce platform has been established during 2007. The objective is to offer the customers flexible access to RIAS' product codes. The platform has been integrated with RIAS' website. At the website, customers also have access to the RIATHERM roofing calculation programme, which quickly calculates the exact number of elements that are necessary to build the roof in question.

The RIADRAIN drain was launched in the autumn of 2007, and RIAS also took over the distribution of Onduline roofing products. 2007 was also the year in which the German association representing the plastics processing industry, GKV, named RIAS' Chyll the "Product of the year". Chyll is an exhibition and display system, which is used at exhibitions and fairs as well as in shops and private homes.

### Company Results

In the Announcement of the Annual Review for 2006/07 the Board anticipated a slight increase in growth compared to 2005/06.

Sales increased by TDKK 11,899 (4,4%) from TDKK 273,221 in 2006/07 to TDKK 285,120 in 2006/07. Sales in the Industrial Division increased by TDKK 2,718 (1,4 %) from TDKK 193,511 in 2005/06 to TDKK 196,229 in 2006/07. The relatively modest increase in the Industrial Division's turnover should be seen in the light of the fact that the previously invoiced turnover from one of the Division's project sales customers has been transferred to commission-based turnover during the accounting year. In turn, the Division has had an increase in turnover in industrial and craftsmanship processing from RIAS' processing department RIPRO (RIAS Production). Sales in the Building & Construction Departments increased by TDKK 9,181 (11,5%) from TDKK 79,710 in 2005/06 to TDKK 88,891 in 2006/07. Two of the reasons for this growth are increased sales to large Scandinavian DIY centres and superstores and a general increase in the demand for the Division's products, especially in project sales.

Gross profit increased with TDKK 774 (1,0%) from TDKK 80,489 in 2005/06 to TDKK 81,263 in 2006/07. The gross profit margin decreased from 29,5% in 2005/06 to 28,5% in 2006/07. One of the reasons for the decrease in the gross profit margin is that the Building and Construction Division has taken over a number of products from a building goods chain acquired by the Division in connection with an expansion of its activities. These products have been resold at a loss. In addition, RIAS has realised a number of products with a slow rate of turnover at a loss. This measure has been implemented in order to optimise the product range.

The costs for the year, excluding depreciations and financial items, increased by TDKK 2,096 (3,4%) from TDKK 61,013 in 2005/06 to TDKK 63,109 in 2006/07.

Depreciations for the year decreased by TDKK 522 from TDKK 4,134 in 2005/06 to TDKK 3,612 in 2006/07.

Financial net income for the year decreased with TDKK 42 from TDKK 772 in 2005/06 to TDKK 730 in 2006/07.

The Company's profit before tax in 2006/07 amounts to TDKK 15,272 against TDKK 16,114 in 2005/06, corresponding to a decrease of TDKK 842 (5,2%).

The reorganisation of the logistics function has taken longer than planned, which is one of the factors that have had an effect on the profit before tax for the year.

The Company's profit after tax in 2006/07 amounts to TDKK 12,117 against TDKK 11,500 in 2005/06.

The profit before tax for the year is slightly below the Board of Directors' previous projection of a profit before tax for the year of approximately DKK 16 million.

The Board recommends the adoptions by the Annual General Meeting that dividends be paid out to the shareholders for the accounting year 2006/07 of DKK 10 per DKK 100 share of the share capital at 30 September 2007 of DKK 23,063,000, corresponding to total dividends proposed of DKK 2,306,300.

### Balance sheets and financial resources

The Balance Sheet total at 30 September 2007 increased by TDKK 7,341 to TDKK 171,819 compared to 30 September 2006.

Fixed assets increased by TDKK 5,239 to TDKK 67,679.

The Company's cash increased by TDKK 341 to TDKK 24,511.

The Company's cash at 30 September 2007 mainly consists of short-term bank deposits.

Neither at the beginning nor at the end of the year drawings were made on the Company's credit facilities consisting of substantial, short-term business credits at market interest rates fixed on a day-to-day basis.

The financial resources are considered to be satisfactory.

### Investments

Total net investments in intangible, tangible and financial fixed assets for the accounting year amounted to TDKK 8,674 against TDKK 20,648 in 2005/06.

The investments were besides replacement of/new investments in production and warehouse equipment mainly concentrated on extension of warehouse facilities and renovation of administration building.

### Commercial and financial exposures

Unforeseen price fluctuations and the discontinuation of trade with large customers may affect the Company adversely in relation to performance expectations for the year, such risks, however, are normal in a trading enterprise.

Almost all trade is carried out in DKK or EUR. As the exchange risk of DKK/EUR is held to be very low, the Company does not hedge its debt in foreign currencies. No interest rate transactions are made for hedging purpose as moderate changes in the interest rate level will have no material effect on earnings. The Company holds no other derivative financial instruments.

### Changes in Board of Directors

At the Company's Annual General Meeting on 22 January 2007 Mr. Klaus Roth, Managing Director, Thyssen Röhm Kunststoffe GmbH, Germany, was re-elected as Board Member and Chairman of the Board. Mr. Hans Christoffersen, lawyer, Mr. Kurt Lausus, Managing Director, Thyssen Röhm Kunststoffe GmbH, Germany, and Mr. Peter Swinkels, Managing Director, S.A. Otto Wolff Benelux N.V., Belgium, were re-elected as Board Members.

### Employees/knowledge resources

In 2006/07 RIAS A/S had an average number of 92 full-time employees, which is 1 more than the previous year.

RIAS attaches importance to attracting, holding on to and developing highly qualified and committed employees, who can participate in ensuring one of RIAS' core values: The provision of optimal customer service.

### Corporate Governance

RIAS endeavours to meet a high standard of Corporate Governance. To achieve this objective, the management in RIAS continuously monitors and considers the development in this field, including the development in the legislation, recommendations and generally accepted practice.

The Copenhagen Stock Exchange has updated its previous Recommendations for Corporate Governance. RIAS' management has carefully considered these recommendations, and the Board of Directors' and the Management Board's attitudes and views are outlined on [www.rias.dk/page497.asp](http://www.rias.dk/page497.asp)

### Environment

RIAS continuously strives to limit the environmental impacts of its activities. However, the environmental impact caused by RIAS' activities is, in itself, insignificant, as RIAS' activities comprise distribution and sales, but not production, of plastic semi-manufactures.

The Company is not a party to any environmental cases.

### Statement of changes of equity and ownership:

During the accounting year, shareholders' equity has changed as follows:

	TDKK
Shareholders equity at 1 October 2006	124,993
Dividend distributed 2005/06	(2,306)
Profit for the year	12,117
Shareholders equity at 30 September 2007	134,804

RIAS A/S' parent company is Thyssen Röhm Kunststoffe GmbH, ThyssenKrupp Trade Center, Hans-Günther-Sohl-Strasse 1, D-40235 Düsseldorf, Germany. Furthermore SmallCap Danmark A/S, Toldbodgade 53, 1253 Copenhagen K and Investeringsforeningen Bankinvest I, Sundkrogsgade 7, Postboks 2672, 2100 Copenhagen Ø are subject to s 28a of the Danish Companies Act. Apart from the above shareholders, no other shareholder has stated to be subject to s 28a of the Danish Companies Act on the date of presentation of the Annual Report.

Thyssen Röhm Kunststoffe GmbH, ThyssenKrupp Trade Center, Hans-Günther-Sohl-Strasse 1, D-40235 Düsseldorf, Germany and ThyssenKrupp AG, August-Thyssen-Strasse 1, D-40211 Düsseldorf, Germany are parent companies that prepare the group financial statements of the immediate and the ultimate parents, respectively, of which the Company is a subsidiary. The group financial statements can be obtained by application to ThyssenKrupp AG, ZB Investor Relations, August-Thyssen-Strasse 1, D-40211 Düsseldorf, Germany.

### Outlook

For the accounting year 2007/08 a slightly increasing growth in the Danish economy is expected compared to 2006/07.

Both purchase and selling prices for the Company's core products are expected to stabilise on a moderately higher level than in 2006/07.

As the requirement for industrial processing is constantly increasing the Company will extend the processing department RIPRO (RIAS Production) by adding further resources.

RIAS will also seek new growth through expedient acquisitions of companies or activities in the plastic semi-manufactures industry or in related industries.

Based on the above, the Board of Directors projects a profit before tax of approximately DKK 16.5-17.5 million for the accounting year 2007/08.

### Allocation of profit

	TDKK
The Company's profit for 1.10.2006 - 30.9.2007 is proposed by the Board of Directors to be distributed as follows:	2,117
Shareholders dividend, DKK 10 per DKK 100 share	2,306
Transferred to retained earnings	9,811
Total	12,117

### Decisions by the Board of Directors and proposals for the Annual General Meeting etc.

As stated under "Allocation of Profit", the Board of Directors recommends the adoption by the Annual General Meeting that dividends be paid to the shareholders for the accounting year 2006/07 of DKK 10 per DKK 100 share of the share capital at 30 September 2007 of DKK 23,063,000 equivalent to total dividends proposed of DKK 2,306,300.

The Board of Directors furthermore recommends the adoption by the Annual General Meeting that during the period until the next Annual General Meeting the Company be authorised to acquire own shares until the holding of such shares amounts to 10 per cent of the share capital. The purchase price for these shares shall not deviate more than 10 per cent from the market prices quoted at any time.

Lastly, the Board of Directors recommends the re-election by the Annual General Meeting of the present board members.



**Basis of accounting**

The company's Annual Report has been presented in accordance with International Financial Reporting Standards (IFRS) as approved by the EU as at 30 September 2007 as well as in accordance with Danish requirements for the presentation of financial statements for listed companies. The accounting figures have been prepared in accordance with the historical cost principle except for items for which IFRS expressly require the application of fair value.

The present Annual Report is the first Annual Report that the company has presented in accordance with IFRS. IFRS 1 on first-time application of IFRS has been used in connection with the switch to IFRS.

The opening balance sheet as at 1 October 2005 and comparative figures for 2005/06 have been adjusted to the changes in accounting policies applied.

The key figures and financial ratios for 2002/03 to 2004/05 have not been adjusted to the changes in accounting policies applied. This means that they correspond to the key figures and financial ratios presented in the Annual Report for 2005/06.

The figures in the Annual Report are presented in TDKK.

**Changes in accounting policies applied**

The accounting policies applied have been changed as a result of the switch to financial reporting in accordance with IFRS. The only effect that the switch to IFRS has had on the profit and loss account is that amortisation of goodwill is no longer booked.

The accounting effect of the switch to IFRS is as follows:

Profit for the year 2005/06 stated in accordance with the Danish Company Accounts Act and Danish financial reporting standards	10,523
Amortisation on goodwill	1,357
Corporation tax	(380)
<b>Profit for the year stated in accordance with IFRS</b>	<b>11,500</b>

Equity capital 30 September 2006 stated in accordance with the Danish Company Accounts Act and Danish financial reporting standards	124,016
Amortisation on goodwill	1,357
Corporation tax	(380)
<b>Equity capital stated in accordance with IFRS</b>	<b>124,993</b>

Amortisation of goodwill was contained in distributions costs in the financial year 2005/06.

**Segment reporting**

The Company's overall business activities consist of the sale and distribution of semi-manufactured plastic products for the manufacturing, building and construction industries as well as the public sector. This constitutes the Company's single business segment. Within this segment, the Company focuses on two main groups of customers: manufacturing and building enterprises.

The distribution of net sales on these areas appear from Note 1.

**Translation policies**

Transactions in foreign currencies are translated at transaction date rates or approximate rates. Exchange differences arising between the transaction date rate and the rate at the date of payment are recognised in the Profit and Loss Account under financial income and financial expenses.

Debtors, debt and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at balance sheet date exchange rates. Any differences between the balance sheet date rates and the rates at the time when the debtor or debt arose are recognised in the Profit and Loss Account under financial income and financial expenses.

Fixed assets purchased in foreign currencies are translated at transaction date rates.

**Profit and Loss Account****Net sales**

Net sales from the sale of goods for resale and finished goods are recognised in the Profit and Loss Account if delivery and risk transfer to the purchaser have taken place before the end of the financial year, and if the income may be measured reliably and receipt is expected. Net sales are recognised exclusive of VAT and other charges, and after deduction of any trade discounts related to the sale.

**Cost of sales**

Cost of sales consists of direct cost for the purchase of goods for resale associated with the turnover for the year.

**Distribution, selling and advertising costs**

Distribution, selling and advertising costs include costs for freight, cost for sales personnel, advertising and exhibition costs etc., including depreciation.

**Administrative expenses**

Administrative expenses include expenses for administrative personnel and management, including depreciation.

**Net financials**

Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses concerning securities, debt and transactions in foreign currencies as well as additional charges and repayments under the tax on-account scheme etc.

**Tax on profit for the year**

The tax for the year consisting of the current tax for the year and changes in deferred tax is recognised in the Profit and Loss Account with the proportional share attributable to profit for the year, and is recognised in shareholders' equity with the proportional share attributable to the items recognised directly in shareholders' equity.



## Balance Sheet

### Intangible fixed assets

RIAS has applied IFRS 3 with effect from 1 October 2005. This means that goodwill is not amortised after 1 October 2005. Acquired goodwill was previously amortised over the financial useful life of the asset with a useful life of 7 years and 15 years respectively. Goodwill is now recognised at cost less accumulated writedowns. Goodwill is attributed to cash flow-generating units and is tested annually for decrease in value. Cash flow-generating units are fixed on the basis of the management structure and internal financial management.

Computer software is measured at cost less accumulated amortisation. Computer software is amortised on a straight-line basis over the estimated useful life determined at 5 years.

### Tangible fixed assets

Land and buildings, technical plant and machinery as well as other plant, fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

Cost covers purchase price and costs directly attributable to the acquisition until the date on which the asset is ready for use. Loan costs are not included in the cost price.

During the present financial year, the company has concluded the building project that was commenced in 2005/06. In this connection, the company has revised the estimated useful life of the existing buildings, which have concurrently undergone extensive refurbishment.

The change in the accounting estimate on buildings has resulted in a minor depreciation of TDKK 921.

The basis of depreciation, which is stated as the difference between cost price and the estimated residual value, is distributed on a straight-line basis over the estimated useful lives of the assets, which are as follows:

Warehouse buildings constructed in 2006	30 years
Other office and warehouse buildings	20 years
Plant and machinery	10 years
Other installations, operating equipment, fixtures and fittings	5 -10 years

Gains or losses arising from the sale of tangible fixed assets are measured as the difference between the sales price less selling expenses and the carrying amount at the time of the sale. The resulting gain or loss is recognised in the Profit and Loss Account under distribution costs or administrative expenses.

### Impairment losses on fixed assets

The carrying amounts of fixed assets are reviewed to determine whether there is any indication of impairment exceeding the writedowns in connection with general amortisation and depreciation.

Where impairment is required, writedown is made to recoverable amount of the asset, if lower.

### Stocks

Stocks are measured at cost according to the first-in, first-out method. Stocks, where the net realisable value is lower than cost, are written down to net realisable value. The cost of goods for resale includes cost with the addition of landing costs.

The net realisable value of stocks is measured as selling price less costs of completion and selling and is determined allowing for marketability, obsolescence and development in expected sales price.

### Debtors

Accounts receivable, comprising the items accounts receivable from trade debtors, intragroup receivables from parent company and other receivables are measured at amortised cost usually corresponding to nominal value. Writedowns to net realisable value are made to counter anticipated losses, which are determined on the basis of an individual assessment of each debtor.

### Prepayments

Prepayments include expenses paid in respect of subsequent financial years. The item is measured at the amount paid

### Shareholders' equity

Dividend expected to be distributed for the year is shown as a separate item under shareholders' equity. Dividend proposed is recognised as a liability at the time of adoption at the Annual General Meeting.

### Current and deferred taxes

Current tax liabilities and current tax receivable are recognised in the Balance Sheet as tax computed on the basis of the taxable income for the year adjusted for tax on taxable income for previous years as well as taxes paid on account.

Deferred tax is measured under the balance-sheet liability method comprising taxes on all temporary differences between net carrying amounts and net tax values of assets and liabilities. Both deferred tax liabilities and deferred tax assets are recognised. Deferred tax assets are measured at the value at which the asset is expected realised. The deferred tax is determined on the basis of the current tax rate. Any changes in deferred tax as a consequence of changed tax rates are recognised in the Profit and Loss Account.

### Liabilities other than provisions

Other liabilities other than provisions comprising trade creditors, payables to group enterprises and associates as well as other payables are measured at amortised cost usually corresponding to nominal value.

**Cash Flow Statement**

The cash flow statement shows the Company’s cash flows for the year distributed on operating, investing and financial activities, net changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

**Cash flows from operating activities**

Cash flows from operating activities are calculated as profit for the year adjusted for non-cash operating items, changes in working capital as well as corporation tax paid.

**Cash flows from investing activities**

Cash flows from investing activities comprise payments made on the purchase and sale of intangible and tangible fixed assets as well as fixed asset investments.

**Cash flows from financing activities**

Cash flows from financing activities comprise payments of dividend to shareholders.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term deposits and other deposits with banks with high creditworthiness

**Accounting estimates**

The valuation of assets and liabilities is based on estimates about future uncertain events. Such estimates are made in connection with the statement of depreciation and writedowns, amortisation, accruals and similar obligations.



"We have ambitious goals for RIAS. The reason why we are focusing on **Market, Organisation, Human Resources** and **Profitability** in this Annual Report is precisely that it is in the interaction between these central areas that we find the key to continued growth."

*Henning Hess, Managing Director*





*Designers and architects at the RIAS Structure and Transparency workshop, March 2007.*

## It Sounds Almost Like a Cliché

**“Let’s go berserk in this material!”**

Designer Jesper Wille shows a very tangible enthusiasm for plastic as a material. He was one of the highly involved participants when RIAS hosted a workshop for designers and architects in the spring.

The workshop was the first of its kind, and it marked that RIAS is now strongly committed to establishing a dialogue with designers and architects. This is a target group that has, so far, been outside RIAS’ natural activity area. But with the increased focus on processed products from RIPRO, the company now has a natural community of interests with precisely designers and architects.

The workshop has made an impact on the participants and planted the seeds for new workshops at RIAS.

Jesper Wille quickly makes the reservation that it may sound like a cliché when he notes that only your imagination sets the limits for the areas in which plastic can be used.

“But it is no cliché. You can do so much with plastic. Plastic can be as

wonderful a material as you want it to be. The material is constantly developing, and it is brilliant that the industry is opening up towards us designers. We can contribute with creativity, and, in turn, we can learn something about manufacturing processes.”

Jesper Wille is definitely a candidate for coming workshops at RIAS:

“The workshop that was held in the spring offered a very exciting opportunity to work together with colleagues on the creation of new creative solutions. At the same time, it is also like entering an Alladin’s cave, as you suddenly have access to work with the many materials that RIAS sells. There is normally a great gap between us designers and the industry, but here the door was suddenly wide open.”

As a qualified cabinetmaker, Jesper Wille has gone from working with wood to working with plastic. In his own words, he has “squeezed” his way into the designer universe, and he has been driven by his curiosity for and interest in materials.

“I have worked with many types of wood, and it has been great.



*Jesper Wille gives free rein to his creative skills at the workshop in RIAS.*

But plastic is harder to work with and it is an extremely interesting material. If you ask me, plastic is still not used creatively enough. But if I am to single out a company that uses plastic in an original manner, it would be the computer company Apple. They are an inspiration to others."

The workshop in Roskilde was very much about inspiration. It was an inspiration for the designers and architects who literally shape the future of the Danes.

It was also an inspiration for RIAS regarding the rigorous requirements that the products must be able to meet:

"I read about some researchers who worked with a non-existing raw material, which they called Non-obtanium – that is something which is unobtainable. This is an interesting concept, as, if you imagine that you intend to build an aeroplane that can fly a little faster than what is currently possible, you will actually need to create a new material out of the unobtainable, from Non-obtanium. I am aware that RIAS does not produce the materials itself, but the story about Non-obtanium is, in fact, a reminder that we must constantly seek new boundaries in the creative process."

And this is actually what RIAS' workshops are all about – exploring new possibilities for establishing closer links between RIAS and the designers. Another factor in this creative process is that RIAS

is constantly looking for precisely those suppliers who will make it possible for RIAS to set the agenda in the plastics industry.

Jesper Wille is bringing his past experience as a cabinetmaker with him to this process, and he notes that there are different types of plastic just as there are different types of wood:

"Acryl is the best type of plastic if you are to combine the product with light, as light is conducted lengthwise. Silicone is best for soft products, and you can continue to find types of plastic that each has particular properties."

In Jesper Wille's flat in Valby, there is a copy of a chair that he designed for PVC Information Council Denmark. At the workshop held by RIAS, design of shelters was one item on the programme, and, if Jesper Wille has a say in the matter, there will be many new plastic-based designer products on the market in the future.

"With all due respect for Danish Design and for famous Danish designers like Arne Jacobsen, Verner Panton and other big designer names who have used plastic in their design work, I find that this was quite some years ago now and it is time to say: "Welcome to the space age. Let us become involved with this material and use it actively. It could, by the way, be really cool to make a space ship out of special composite plastic."

# What Do the Customers Say?

"It should not only be **good**. It should also be **important**."

In 2007, RIAS has commenced a systematic customer satisfaction analysis. The analysis, which will be repeated every year, is to contribute to enabling the company to maintain the areas in which the quality is top notch and to strengthen the areas in which there is room for improvements.

"One could say that RIAS has always had a good feeling for whether our customers were satisfied with us. But this is not enough. The market changes, and we may risk focusing on areas to which the customers no longer attach all that great importance."

Says Marketing Co-ordinator, Line Helmark, who is responsible for the customer satisfaction analyses. She adds that the analyses focus on both importance and satisfaction:

"It is always important to know the areas with which the customer is satisfied. But this is also a question of mapping the areas that are important to the customer, so that we can ensure that RIAS does well in these areas. We may easily waste too much energy on areas that are, in fact, not of any importance to our customers. We must abandon that approach."

The analysis highlights the customers' satisfaction with advice and sales. In specific terms, the customers are asked to express their views on the following areas:

- **Products/Delivery**
- **The external salesperson**
- **Internal sales/Support**
- **RIAS as a supplier in general**

"The analysis shows whether we keep our promises, and it is important to stress that we present the analysis results to everyone in the company, both via the intranet and through personal presentations, so that we are absolutely sure that the customers' opinions are known by all employees in the company. We also publish plans for how we can improve in the individual areas," says Line Helmark.

"Our customers generally have very positive opinions about RIAS, but, as the examples show, there are also specific areas in which we need to improve. The objective is to achieve customer satisfaction of the highest level," says Line Helmark.

## So what were the customers' comments?

"I call if there are any complaints, which is rare, and immediate action is taken to remedy the situation."

"There is quick execution/order confirmation on the same day. Better than before."

"Yes, I am satisfied with the products from RIAS, the company has the right products. I have never tried finding other suppliers."

"Internal sales have improved. It is easier to get in touch with the persons with whom I wish to speak."

"There is not sufficiently widespread knowledge in the Customer Service Department, and the employees without experience do not provide as good advice."

"Quicker response times regarding delivery times and prices. It can take much too long."

"I lack information about the delivery time, and I am only occasionally notified if there are any changes."



# A Good Tool for Communicating with the Customers

New products, new campaigns and coming fairs. These are some of the subjects on which the newsletters from RIAS have kept the distributors up to date during the past year or so.

The first newsletters from RIAS were published in the spring of 2007. The newsletters, RIAS KNOW HOW UPDATE, are published four times a year in two editions. One edition caters for the building sector, whereas the other edition covers both visual communication and the industrial sector.

"We want to provide information about the wide range of products that we offer. In addition, the newsletters allow us to provide inspiration based on specific solutions," says Sales Director Gert Fisker.

As one example of this, he mentions an article about Lyx Deck® terrace boards, which are made of a composite material.

"By showing how the boards have been used to encircle a swimming lake, we provide a very specific example of how our product can be used."

Gert Fisker is pleased with the positive reactions to the newsletter:

"We receive inquiries from persons who have seen a copy of the newsletter with their colleagues and who wish to receive their own

copy. Furthermore, our customers have shown an interest in having their products used as case stories. This is precisely how we would like to develop our newsletters."

Gert Fisker believes that the very brief form of the newsletters is one reason why they have been so well received:

"With two pages per newsletter, we have found a quick and clear format, which provides information about the cases and the inspiration that we provide to, for example, the building sector."

RIAS KNOW HOW UPDATE is published as both a hard-copy newsletter and an electronic newsletter. New subscribers may register at RIAS' website, which a total of 100 subscribers have done since the newsletters were commenced at the beginning of 2007. In addition, 3000 subscribers receive the printed hard-copy version.



Shell case brought in RIAS KNOW HOW UPDATE #3.



RIATHERM® case brought in RIAS KNOW HOW UPDATE #4.

Newsletter, Building and Industry/Visual Communication.

# We Share the Responsibility

More responsibility, better overview, better planning and a flatter organisation. These are some of the key words for the changes that RIAS has implemented in the past months and years. A poorly functioning warehouse may be a bottleneck that will end up destroying even the best customer relations, and a partially outdated organisation was, in fact, one of the reasons why the warehouse was divided into four teams with effect from 1 May.

For Peter Hansen, the appointment as team manager has required a period of adjustment:

"I have been here for nine and a half years, so it was quite a challenge when I was suddenly to be in charge of eight of my colleagues. To begin with, I had to take plenty of stick from my colleagues, and, true to the prevailing warehouse humour, the team managers were called cheerleaders. This was obviously meant in a good-hearted and humorous way, but it was nevertheless an indication that it could be difficult for the others to respect us as team managers."

Peter Hansen, who is 34 years old, took it as a welcome challenge when he was asked to become team manager:

"I have always been highly committed to my work, and I could see that the old organisation was not functioning well. We were periodically under great pressure, and I actually considered leaving my job."

#### Four teams

The new and much flatter organisation has entailed very obvious advantages: "We have four teams. I am the head of the industrial team, and, correspondingly, there is a head of the construction team. In addition, one of my colleagues is the head of the team that is responsible for haulage, reception of goods and for the

external areas. Finally, there is a head of the team that works the night shift. This is a clear way of organising the work, and, at the same time, the various teams can help each other if one of the teams suddenly experiences a very busy period. We share the responsibility."

For Peter Hansen, the new challenges have meant that he is, for example, to deal with questions regarding holidays and illness among his fellow team members.

"I have more duties, and I need to have a better overview of things. But I have faced the challenges along the way, and I am to take an actual executive training course in 2008."

Peter and the other team managers will take a basic executive training course that runs for 13 days.

RIAS is generally investing an increasing amount of resources in providing supplementary training for its employees. One object of the employee appraisal interviews, which have become compulsory, is to examine whether the individual employee needs supplementary training. This may involve improving an employee's proficiency in German or helping an employee with an immigrant background to improve his or her Danish language skills.

Peter Hansen has no doubt that the changes in the workplace have been an advantage for both him and RIAS:

"For me personally, it has been good to acquire influence and to have an opportunity to put my opinions and attitudes across, but, just as importantly, we can note that the warehouse as a whole is supplying better products today. We can see this from the decrease in the number of complaints."



Peter Ø. Hansen handles the large format saw.

# Quality on Time

RIPRO (RIAS Production) is a growth area in which there will be a marked increase in activities in the next few years. The great expectations for growth are based on the development in plastic materials and aluminium or aluminium composite materials, which RIPRO's specialist employees manufacture in customised solutions and in a quantity that ranges right from a single copy to large series.

One example of a single production was Tuborg's entrance portal to the breweries group's VIP area behind the stage at the rock festival Roskilde Festival 2007. The classic sweeping shape of the Tuborg label was constructed in white PETG and was illuminated from within with LED light, so that it could stand out in the dark as a marked "lighthouse", several metres high, for Tuborg's VIP area. RIAS has also supplied equipment to the breweries group's fashionable showroom under what is today the Jacobsen Brewhouse, Husbryggeriet Jacobsen, in Valby. Here the room is dominated by an elegant bar and table arrangements built in acryl.

In a completely different, but just as highly reputable, industry – the furniture industry – RIAS supplies room dividers to 150 shop-in-shops worldwide. The customer is Fritz Hansen, the company behind iconic furniture products like the Swan, the Ant and the Egg. The room dividers are composed of nine elements, each of which represents one of the company's well-known chairs. The silhouette of each individual chair has been cut with a laser cutter in an exclusive dark and slightly transparent acrylic square. The nine squares are to be put together so that they can encircle the areas in which the classic furniture products are displayed at furniture exhibitions and fairs worldwide.

A third example of RIPRO's production is a shelf system with a length of 16 metres, which has been produced for the restaurant



*Bar in acrylic, produced for Carlsberg.*

chain Sticks'n'Sushi. The shelves are lit from the back, so that the marked cell structure in the smoke-coloured material is emphasised and so that the displayed food products are presented optimally.

Quality and precision are key words for RIPRO. In a large number of cases, the end user must be able to mount the product quickly and easily without the use of tools. This applies, for example, to equipment that is used at exhibitions and fairs and where the high level of manufacturing precision makes it possible to click the individual elements into place to form the final shape.

RIPRO is a supplier of total solutions to its customers. The assignments start at the drawing board and do not end until the finished product is ready to be mounted at the customer's premises. Between these two points, there is a long process that leads to the final result via bending, heating, CNC milling, laser cutting or welding.

RIPRO's staff works closely with product designers, interior designers and furniture producers, and, in fact, several of RIPRO's employees have a background as cabinetmakers or other relevant craftsman training. The combination of specialities enables RIPRO to provide total consultancy about the final products regardless of whether these products are also to contain other materials such as aluminium, steel and wood.

In addition to the above production examples, consignments from RIPRO may, for example, also consist of displays for large retail chains such as Dressmann, signs for all SHELL's European petrol stations, brochure holders for exhibitions, safety covers for the aviation industry or, for example, acrylic lids for protection of museum specimens.

The demand for industrial processing with a high level of craftsmanship continues to increase, and an increasing number of customers wish to receive turnkey consignments, so that they only need to shop in one place.



*16 m shelves, produced in Clear-PEP® for the restaurant Sticks'n'Sushi.*





RIAS' e-commerce platform at www.rias.dk.

## Direct Access to 2300 Producty Codes - Sunday Evening

RIAS' e-commerce platform was re-launched in a more user-friendly version as at the beginning of 2008. Most industries are increasingly offering their customers e-commerce services, and the plastics industry is no exception.

"The customers demand flexibility, which means that we must, for example, be available outside normal opening hours," says IT Coordinator Bjarne Nielsen, who is responsible for e-commerce in RIAS.

The possibility of placing orders at odd hours appeals to both large and small customers. The direct access to RIAS' 2300 product codes also enables the customer to avoid the telephone queue during peak periods, and it allows the customer to order, for example, six customised patios on a Sunday evening and be quoted the exact price at the same time.

The orders are executed quickly. A standard product that is ordered before 14.00 on a weekday will be delivered to the customer the next day. If there are products that are to be cut, the delivery may, however, take an extra day. Cutting of products may also be ordered via the Internet, states Bjarne Nielsen.

"It is easy for the customer to place an order via computer. The consignments delivered are often fully or partly the same from time to time, and, in such cases, our e-commerce system offers the customer the opportunity to create his "favourites" and consequently save the information about the products that have been delivered. This makes it easier to reorder the same type of goods."

For timber yards as well as DIY centres and superstores, RIAS' e-commerce platform offers the extra detail that the TUN product codes of the timber industry have been entered. This means that customers in the timber industry do not need to know other codes than the TUN codes, which are then automatically translated into RIAS' product codes.

The customer can follow the progress of the order through the system. By means of codes, it is marked whether, for example, the ordered goods are being packed or have been dispatched with the carrier.

Bjarne Nielsen states that the re-launch of the e-commerce platform has also resulted in a harmonisation with RIAS' website. This means that the product descriptions that are posted on the website can also be accessed from the e-commerce platform.

In order to maintain the growth in e-commerce, internal and external courses about the e-commerce platform are held. A hotline has also been set up as well as a "Getting Started" function at the e-commerce home page.

"The investment in a new and better e-commerce platform contributes to ensuring that we can maintain our position as the company that sets the agenda in the industry. Present and new customers should know that RIAS goes out of its way to ensure a high service level," says Bjarne Nielsen.



*Jon Holm engaged in trust building exercises at the Employee Conference.*

## Like Running a Marathon

Jon Holm can draw a clear parallel between the marathons that he has run and the work that has taken up much of his time since 1 March. As a sales consultant, he is on the road four days a week, and, like in a marathon race, the contact with his customers east of the Great Belt is based on a very important factor – careful preparation.

“Especially for me as a new employee, there are obviously many details with which I have to become acquainted before I meet the customers. But I know from my previous job experience that factors such as hard work and diligence ensure that I am ready when I meet the customer. In fact, the customer expects that **I am** RIAS during a sales visit, and it is important that I know all the details in this connection.”

Jon Holm underwent in-depth training for 1½ months before, in his own words, he “was let loose”:

“I had received a training plan well in advance, which ensured that I was given a detailed introduction to the products and the company. I spent time in the various departments, and I drove around with a colleague in Jutland. This gave me a good introduction to RIAS, and it was also nice that all details such as telephone, PC, pension, etc. were in place in advance.”

A good reception of new employees and the establishment of an actual HR policy have, in fact, been an important target area for RIAS in 2007.

HR Manager Susanne Teglers:

“The introduction for new employees was not good enough. We therefore now have a permanent programme that ensures that new colleagues have a detailed induction period. We have also revised our Staff Manual, so that it contains information ranging right from days of holiday and health policy to pension and training.”

Jon Holm has still not been with RIAS for so long that he has had time to become acquainted with another innovation in the company – the employee appraisal interview. Susanne Teglers has the following comments on these employee appraisal interviews: “The appraisal interview is a good opportunity to discuss the questions that the employee finds important. Even though the employee appraisal interview has not existed for more than a couple of months, I have already received several inquiries from colleagues, who want to know when they will be called in for an appraisal interview. This clearly indicates that the scheme has been well received.”

Jon Holm’s previous experience as a sales representative has involved selling products as diverse as corrugated cardboard and water treatment systems. He makes it abundantly clear that the actual sales process fascinates him:

“It is incredibly exciting to open a new door and to wonder what type of person is waiting for you on the other side. You never know what the day will bring. There are obviously questions that I cannot answer when I am with the customer, and it is important in this connection that you ensure that the matter is then dealt with by one of your colleagues. It is not about passing the buck. We have a joint responsibility for ensuring that the customer has a good experience.”

The introductory phase was particularly good for Jon because he quickly attended an Employee Conference together with five other new employees. The conference is a new measure in RIAS, and it gives all employees an opportunity to meet their colleagues across the departments:

“It is a luxury for a new employee to be able to spend half a day with his or her colleagues to discuss a wide range of topics right from team spirit to how the visions for RIAS in 2012 should be. I know from my previous workplaces that there may be barriers between the different departments, but here the Employee Conference is an excellent opportunity to establish contacts across departments. In addition, it is a good occasion for acquiring new knowledge, which can also benefit the customers.”

## Six Times Common Sense

During 2007, RIAS has implemented an extensive reorganisation of the company to meet the objective to continue to provide the best customer service on the market also in the future. The changes are based on a systematic analysis of all levels in the company and, not least, on an in-depth analysis of customer expectations for RIAS.

Among the changes is the creation of warehouse teams to ensure more flexible performance of the day-to-day procedures. Another change is the breakdown of demarcations in the sales organisation, so that more employees are now able to serve the same customer throughout the process.

Old hierarchies have been removed, and, concurrently with this, more employees have been given greater responsibility. One example of this is that sales employees who previously worked solely with industrial plastic now also participate in serving customers who demand signs or, for example, roof tiles. The gain is better service and a work procedure that is less vulnerable regardless of who is serving the customer. Extensive training programmes ensure that the competencies are spread to more employees

### 6 S

Concurrently with this, RIAS has commenced a 6 S-process that is also to contribute to making the work procedures more efficient. The 6 S's stand for: Sorting, Simplification, Systematic Cleaning, Standardisation, Self-discipline and Safety, and they are also being implemented in the parent company ThyssenKrupp Röhm Kunststoffe GmbH.

6 S, which is inspired by the LEAN model, should ensure that all types of waste are avoided, while the quality is improved. In the short term, interior arrangement, order, cleaning and organisation are to be improved. In the long term, the objective is that the individual employee will feel a greater responsibility and that the organisation will work to improve on a continuous basis.

### The 6 S strategy stands for:

**Sorting:** All equipment that is not used is to be removed.

**Simplification:** It must be possible to find the necessary tools. The time that is used to put everything in its right place is a good investment in relation to the time waste that occurs when employees have to look for the tools. Simplifications also comprise detailed marking of all walk and drive areas.

**Systematic cleaning:** RIAS has laid down rules for cleaning of all areas in the workplace. Tidy work areas contribute to reducing the risk of accidents at work.

**Standardisation:** Comprises standards for, for example, work procedures, the individual workplaces, storage of documents, management of maintenance and management of purchasing. The objective is to create a visible factory where very clear objectives for consignments are stated and where it is continuously registered whether the objectives are met.

**Self-discipline:** The fifth S in the row means that all employees in the company are to feel responsible for ensuring that the objectives are met and that everyone also contributes to creating improvements.

**Safety:** The sixth S covers a wide range of areas right from training of new employees and regular inspection of machines to maintenance of order and compliance with safety rules.

Supply Chain Officer Lars Mygind stresses the need for a systematic approach and he uses the following example:

"The 23 colleagues in the warehouse work in several shifts, and it is therefore important that the team from one shift hands over the warehouse in an orderly and tidy state to the next shift. In the final analysis, we will only be able to dispatch the correct and undamaged products to the customer rapidly if we have ourselves ensured that all involved departments and employees work together in a well-conceived and holistic manner. That is the whole basis of 6 S."



*The warehouse, which has been highly involved in the 6 S process.*



The financial year has been characterised by extensive reorganisations in RIAS. We have gathered all our activities at Industrivej in Roskilde following a large-scale project concerning extension and modernisation of our business facilities. At the same time, we have made fundamental changes to our organisation to enable us to meet our objective to provide even better customer service.

During the year, we have also allocated further resources to RIPRO, which supplies special products to Danish and international customers. The ability to provide our customers with these customised solutions constitutes an important part of our strategy, and our ambition is that RIPRO is to contribute markedly to the growth of the company in the coming years. A general feature of 2006/2007 has, in fact, been that we have laid the foundation for a continued strengthening of RIAS' market position.

		DKK '000	
Note		2006/07	2005/06
1	Net sales	285,120	273,221
	Cost of sales	203,857	192,732
	<b>Gross profit</b>	<b>81,263</b>	<b>80,489</b>
2-3	Distribution expenses	53,724	49,944
2-3	Administrative expenses	12,997	15,203
	<b>Profit before net financials</b>	<b>14,542</b>	<b>15,342</b>
	Financial income	1,064	1,100
	Financial expenses	334	328
	<b>Profit before tax</b>	<b>15,272</b>	<b>16,114</b>
4	Corporation tax	3,155	4,614
	<b>Profit for the year</b>	<b>12,117</b>	<b>11,500</b>
	<b>Proposed distribution of profit</b>		
	Proposed dividend	2,306	2,306
	Transferred to retained earnings	9,811	9,194
		<b>12,117</b>	<b>11,500</b>
	<b>Earnings per share</b>		
5	Earnings per DDK 100 share	<b>52,5</b>	<b>49,9</b>

## Balance **Assets** at 30 September

		DKK '000	
Note		2007	2006
	<b>Fixed assets</b>		
	Goodwill	15,307	15,307
	Computer software	1,303	1,562
6	<b>Intangible fixed assets</b>	<b>16,610</b>	<b>16,869</b>
	Land and buildings	39,006	19,494
	Plant and machinery	4,995	4,040
	Other fixtures and fittings, machinery and equipment	7,068	5,652
	Payments in advance and tangible fixed assets in progress	0	16,385
7	<b>Tangible fixed assets</b>	<b>51,069</b>	<b>45,571</b>
	<b>Fixed assets</b>	<b>67,679</b>	<b>62,440</b>
8	<b>Stock</b>	<b>21,063</b>	<b>26,743</b>
9	Trade debtors	50,952	44,504
	Debt to parent company	1,341	1,505
	Other debtors	5,308	4,213
	Prepayments	965	903
	<b>Debtors</b>	<b>58,566</b>	<b>51,125</b>
	<b>Cash and cash equivalents</b>	<b>24,511</b>	<b>24,170</b>
	<b>Current assets</b>	<b>104,140</b>	<b>102,038</b>
	<b>Assets</b>	<b>171,819</b>	<b>164,478</b>

		DKK '000	
Note		2007	2006
	<b>Liabilities</b>		
	Share capital	23,063	23,063
	Revaluation reserve	1,898	1,898
	Retained earnings	107,537	97,726
	Proposed dividends	2,306	2,306
	<b>Shareholders' equity</b>	<b>134,804</b>	<b>124,993</b>
10	<b>Deferred tax</b>	<b>8,593</b>	<b>7,830</b>
	Trade creditors	7,235	8,809
	Debt to parent company	261	306
	Amounts owed to group related companies	167	92
	Corporation tax	1,090	2,569
	Other debt	19,669	19,879
	<b>Current liabilities</b>	<b>28,422</b>	<b>31,655</b>
	<b>Liabilities and shareholders' equity</b>	<b>171,819</b>	<b>164,478</b>
11	Contingencies and other financial obligations		
12-13	Other notes		

## Changes in Equity Capital

DKK '000

		Share Capital	Revaluati- on reserve	Retained earnings	Proposed dividends	Total
<b>2005/06</b>						
The share capital consists of:						
A-shares	25 shares of DKK 100,000	2,500				
	1 share of DKK 625,000	625				
		3,125				
B-shares:	199,380 shares of DKK 100	19,938				
Shareholders' equity 1 October		23,063	1,898	88,532	2,306	115,799
Dividend distributed					(2,306)	(2,306)
Profit for the year				11,500		11,500
Proposed dividends				(2,306)	2,306	0
<b>Balance 30 September</b>		<b>23,063</b>	<b>1,898</b>	<b>97,726</b>	<b>2,306</b>	<b>124,993</b>
<b>2006/07</b>						
The share capital consists of:						
A-shares	25 shares of DKK 100,000	2,500				
	1 share of DKK 625,000	625				
		3,125				
B-shares:	199,380 shares of DKK 100	19,938				
Shareholders' equity 1 October		23,063	1,898	97,726	2,306	124,993
Dividend distributed					(2,306)	(2,306)
Profit for the year				12,117		12,117
Proposed dividends				(2,306)	2,306	0
<b>Balance 30 September</b>		<b>23,063</b>	<b>1,898</b>	<b>107,537</b>	<b>2,306</b>	<b>134,804</b>

The 'A' shares which are non-negotiable instruments, entitle their holders to ten votes per DKK 100 shares, cf. Art. 11 of the Articles of Association.

The 'B' shares which are negotiable instruments, entitle their holders to one vote per DKK 100 shares, cf. Art. 11 of the Articles of Association.

	DKK '000	
	2006/07	2005/06
Profit for the year before financial items	14,542	15,342
Financial income	1,064	1,100
Financial costs	(334)	(328)
Depreciation and writedowns	3,612	4,134
Gain and loss from sale of tangible and financial fixed assets	(177)	(33)
Change in stocks	5,680	(3,617)
Change in debtors	(7,441)	(7,217)
Change in trade creditors and other debt	(1,754)	1,503
Corporation tax paid	(3,871)	(4,471)
<b>Cash flow from operating activities</b>	<b>11,321</b>	<b>6,413</b>
Investments in intangible fixed assets	(330)	(693)
Investments in tangible fixed assets	(8,344)	(19,970)
Investments in financial fixed assets	0	15
<b>Cash flow from investing activities</b>	<b>(8,674)</b>	<b>(20,648)</b>
Dividend paid	(2,306)	(2,306)
<b>Cash flow from financing activities</b>	<b>(2,306)</b>	<b>(2,306)</b>
<b>Change in cash and cash equivalents</b>	<b>341</b>	<b>(16,541)</b>
<b>Cash and cash equivalents 1 October</b>	<b>24,170</b>	<b>40,711</b>
<b>Cash and cash equivalents 30 September</b>	<b>24,511</b>	<b>24,170</b>



## Notes to the Annual Accounts

	DKK '000	
	2006/07	2005/06
<b>Note 1. Net sales</b>		
Net sales, Industry	196,229	193,511
Net sales, Building and construction	88,891	79,710
	<b>285,120</b>	<b>273,221</b>
<b>Note 2. Depreciation and writedowns</b>		
Distribution costs include depreciation and writedowns as follows:		
Amortisation and writedowns of intangible fixed assets	530	1,021
Depreciation and writedowns of tangible fixed assets	2,721	2,700
	<b>3,251</b>	<b>3,721</b>
Administrative expenses include depreciation and writedowns as follows:		
Amortisation and writedowns of intangible fixed assets	59	113
Depreciation and writedowns of tangible fixed assets	302	300
	<b>361</b>	<b>413</b>
	<b>3,612</b>	<b>4,134</b>
<b>Note 3. Employee matters</b>		
Emoluments for the Members of the Board of Directors	90	90
Remuneration for the Management	1,479	1,418
Wages and salaries	34,481	31,971
Pensions	2,298	2,015
Other social security contributions	839	790
	<b>39,187</b>	<b>36,284</b>
Average number of full time employees	<b>92</b>	<b>91</b>
Number of full time employees 30 September	<b>96</b>	<b>93</b>
<b>Note 4. Corporation tax</b>		
Tax paid for the year	2,307	3,702
Deferred tax for the year	763	912
Prior-year tax adjustment	85	0
	<b>3,155</b>	<b>4,614</b>
Tax computed on profit before tax for the year	3,818	4,512
Tax effect on non-deductible expenses less not taxable income	91	102
Adjustment of deferred tax for previous years due to a change in the tax rate	(839)	0
Adjustment of deferred tax for previous years	85	0
	<b>3,155</b>	<b>4,614</b>

	DKK '000	
	2006/07	2005/06
<b>Note 5. Earnings per share</b>		
Earnings for the year, DKK '000	12,117	11,500
Average number of shares, DKK 100	230,630	230,630
Average number of own shares, DKK 100	0	0
Average number of shares in circulation, DKK 100	230,630	230,630
Basic and diluted earnings per share, DKK 100	<b>52,5</b>	<b>49,9</b>

**Note 6. Intangible fixed assets**

	Goodwill	Computer- software	Total
<b>2005/2006</b>			
Cost price 1 October	19,613	12,039	31,652
Additions during the year	0	693	693
Disposals during the year	0	0	0
<b>Cost price 30 September</b>	<b>19,613</b>	<b>12,732</b>	<b>32,345</b>
Depreciation 1 October	(4,306)	(10,036)	(14,342)
Depreciation during the year	0	(1,134)	(1,134)
Depreciation for the disposals during the year	0	0	0
<b>Depreciation 30 September</b>	<b>(4,306)</b>	<b>(11,170)</b>	<b>(15,476)</b>
<b>Book value 30 September</b>	<b>15,307</b>	<b>1,562</b>	<b>16,869</b>
<b>2006/07</b>			
Cost price 1 October	19,613	12,732	32,345
Additions during the year	0	330	330
Disposals during the year	0	0	0
<b>Cost price 30 September</b>	<b>19,613</b>	<b>13,062</b>	<b>32,675</b>
Depreciation 1 October	(4,306)	(11,170)	(15,476)
Depreciation during the year	0	(589)	(589)
Depreciation for the disposals during the year	0	0	0
<b>Depreciation 30 September</b>	<b>(4,306)</b>	<b>(11,759)</b>	<b>(16,065)</b>
<b>Book value 30 September</b>	<b>15,307</b>	<b>1,303</b>	<b>16,610</b>

Management has performed an impairment test of the booked value of goodwill as of 30 September 2007. The impairment test is done by discounting the value of future cash flow from those of the company's cash generating activities that relates to goodwill as per 30 September 2007.

Cash flow is estimated partly on the basis of budgets for the financial years 2007/08- 2010/11 and partly on projection after 2010/11 based on general parameters.

	DKK '000				
Note 7. Tangible fixed assets	Land and buildings	Plant and machinery	Other fixtures and fittings, machinery and equipment	Payments in advance and tangible fixed assets in progress	Total
<b>2005/06</b>					
Cost price 1 October	37,082	10,322	12,132	480	60,016
Additions during the year	0	1,509	2,897	16,207	20,613
Disposals during the year	(2,147)	(35)	(1,934)	0	(4,116)
Transfers and allocations	5,596	302	0	(302)	5,596
<b>Cost price 30 September</b>	<b>40,531</b>	<b>12,098</b>	<b>13,095</b>	<b>16,385</b>	<b>82,109</b>
Revaluation 1 October	5,596	0	0	0	5,596
Revaluation during the year	0	0	0	0	0
Disposal for the year	0	0	0	0	0
Transfers and allocations	(5,596)	0	0	0	(5,596)
<b>Revaluation 30 September</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation and writedowns 1 October	(22,205)	(7,426)	(7,414)	0	(37,045)
Depreciation during the year	(979)	(668)	(1,353)	0	(3,000)
Writedowns during the year	0	0	0	0	0
Depreciation for the disposals during the year	2,147	36	1,324	0	3,507
<b>Depreciation and writedowns 30 September</b>	<b>(21,037)</b>	<b>(8,058)</b>	<b>(7,443)</b>	<b>0</b>	<b>(36,538)</b>
<b>Book value 30 September</b>	<b>19,494</b>	<b>4,040</b>	<b>5,652</b>	<b>16,385</b>	<b>45,571</b>
<b>2006/07</b>					
Cost price 1 October	40,531	12,098	13,095	16,385	82,109
Additions during the year	3,806	1,785	3,365	0	8,956
Disposals during the year	0	0	(1,950)	0	(1,950)
Transfers and allocations	16,385	0	0	(16,385)	0
<b>Cost price 30 September</b>	<b>60,722</b>	<b>13,883</b>	<b>14,510</b>	<b>0</b>	<b>89,115</b>
Depreciation and writedowns 1 October	(21,037)	(8,058)	(7,443)	0	(36,538)
Depreciation during the year	(679)	(830)	(1,514)	0	(3,023)
Depreciation for the disposals during the year	0	0	1,515	0	1,515
<b>Depreciation and writedowns 30 September</b>	<b>(21,716)</b>	<b>(8,888)</b>	<b>(7,442)</b>	<b>0</b>	<b>(38,046)</b>
<b>Book value 30 September</b>	<b>39,006</b>	<b>4,995</b>	<b>7,068</b>	<b>0</b>	<b>51,069</b>

	DKK '000	
	2006/07	2005/06
<b>Note 8. Stock</b>		
Stocks can be itemised as follows:		
Commodities	<b>21,922</b>	<b>27,904</b>
Writedown 1 October	(1,161)	(1,201)
Writedowns for the year	302	40
Writedowns as at 30 September	<b>(859)</b>	<b>(1,161)</b>
<b>Total stocks</b>	<b>21,063</b>	<b>26,743</b>

Adjustments for writedown of stocks have been booked under cost of sales

#### Note 9. Accounts receivable from trade debtors

Writedown for bad debts can be itemised as follows:

Writedown 1 October	(307)	(307)
Writedowns for the year	57	63
<b>Writedowns as at 30 September</b>	<b>(250)</b>	<b>(307)</b>

Adjustments for writedown for bad debts have been booked under distribution costs.

The company insures accounts receivable from trade debtors to a significant extent.

	DKK '000	
	2006/07	2005/06
<b>Note 10. Deferred tax</b>		
Balance 1 October	7,830	6,918
Adjustment of deferred tax for the year	1,602	912
Adjustment of deferred tax for previous years due to a change in the tax rate	(839)	0
<b>Balance 30 September</b>	<b>8,593</b>	<b>7,830</b>
Deferred tax is attributable to:		
Buildings	4,229	3,925
Plant and machinery	974	739
Intangible fixed assets	3,517	3,299
Other temporary differences	(127)	(133)
	<b>8,593</b>	<b>7,830</b>

**Note 11. Contingencies and other financial obligations**

On behalf of RIAS A/S, Danske Bank has provided a project guarantee of TDKK 154 towards customers.

**Note 12. Information on related party relationship and transactions with these**

Controlling interest:

Thyssen Röhm Kunststoffe GmbH, which owns all class A shares in RIAS A/S, has a controlling interest in the company. The ultimate parent company is ThyssenKrupp AG.

Significant influence:

The company's connected parties who have a significant influence in the company comprise the company's Board of Directors and Management Board as well as executive officers and their related family members. Connected parties also comprise associated enterprises in which the above persons have significant interests.

No transactions have been conducted with the Board of Directors, the Management Board, executive officers, significant shareholders or other connected parties other than regarding the payment of remuneration.

	2006/07	2005/06
Intragroup trading with the parent company comprises		
Other income	1,482	1,307
Purchases of services	(319)	(261)
Intercompany trading with associated enterprises comprises:		
Sales of goods and services	334	262
Purchases of goods and services	(940)	(939)
Legal assistance from the law firm Lund Elmer Sandager	(99)	(67)

	DKK '000	
	2006/07	2005/06
<b>Note 13. Remuneration to auditors appointed by the General Meeting</b>		
RIR REVISION:		
Audit	281	242
Other services	89	118
	<b>370</b>	<b>360</b>
PricewaterhouseCoopers:		
Audit	218	201
Other services	120	113
	<b>338</b>	<b>314</b>
	<b>708</b>	<b>674</b>



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Date: 4 January 2008

Photos: Jesper Bendix Pedersen, RIAS A/S

Text: Carsten Sivertsen, Sivertsen Kommunikation

Graphic design and production: RIAS A/S, Marketing

Print: Graficom







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