MONBERG & THORSEN A/S

Stock Exchange Announcement

03.04.07
Announcement No. 4, 2007

Dear Sirs,

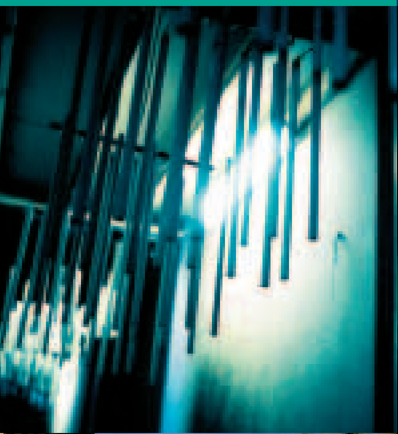
Attached please find Annual Report for 2006 for Dyrup A/S.

Dyrup A/S is a wholly-owned company of Monberg & Thorsen A/S.

Yours faithfully
Monberg & Thorsen A/S

Jørgen Nicolajsen
President and CEO

DYRUP A/S • Annual Report 2006



A member of the Monberg & Thorsen A/S Group

Contents

www.dyrup.com

Dyrup A/S
Gladsaxevej 300
DK-2860 Søborg
Denmark
Tel: **+45 39 57 93 00**
Fax: **+45 39 57 93 93**
Reg-No. 18 99 86 96

Group profile

Dyrup develops and markets innovative quality products in wood care and paints that protect, preserve and beautify homes and buildings.

The Group's activities focus on Europe, where Dyrup has a presence in a number of markets. Dyrup enjoys a particularly strong position within wood care, where the Group's largest markets are France, Germany and Denmark. Within paints, the principal market areas are Denmark and the Iberian Peninsula, where Portugal is the largest market.

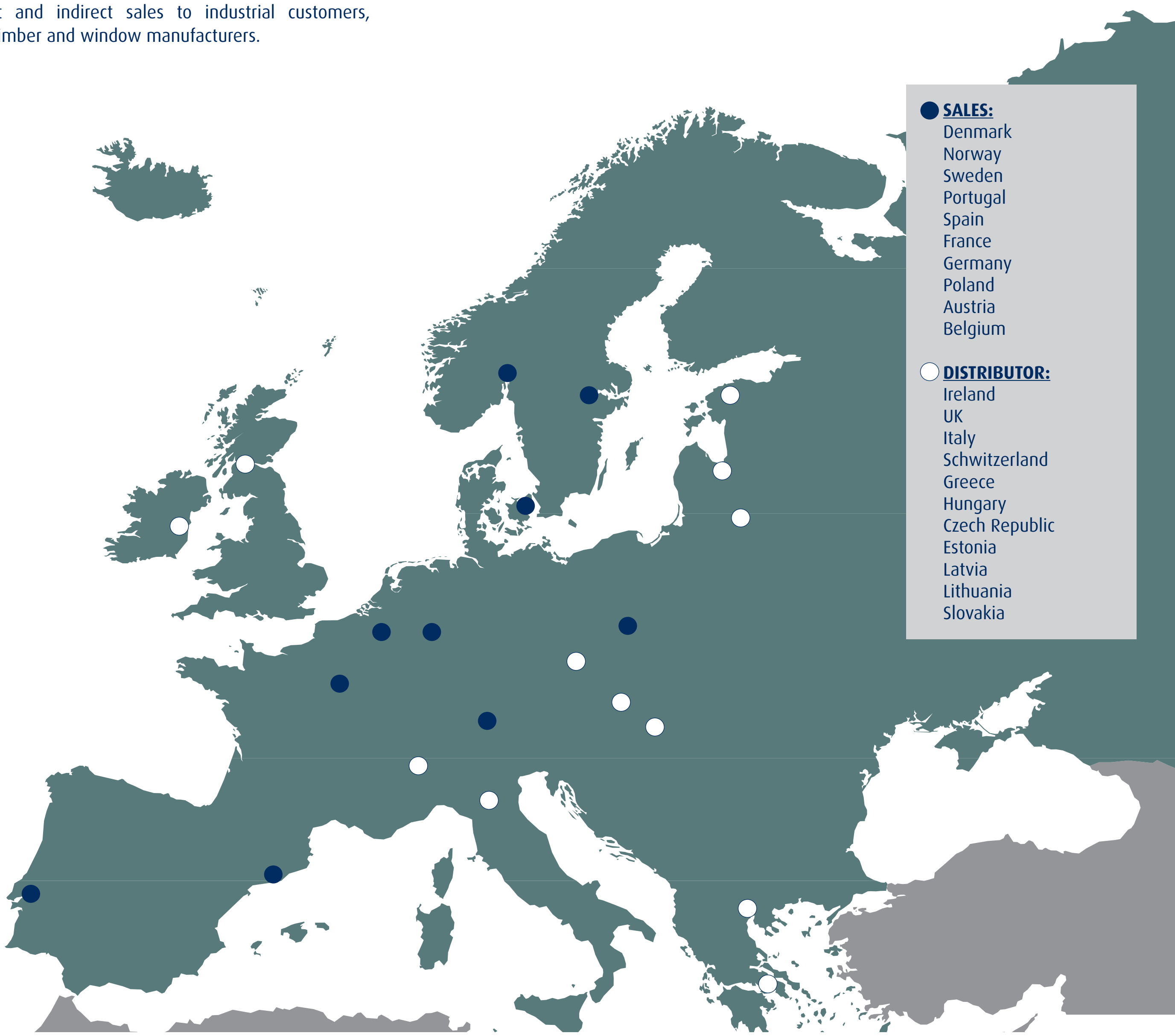
Dyrup's four largest markets generate almost 80% of Dyrup's revenue. The remaining revenue comes primarily from the other European markets, where Dyrup markets its products and services through own companies or distributors.

Dyrup's principal sales channels are: the DIY retail trade, the professional trade (wholesalers and professional decorators) and direct and indirect sales to industrial customers, primarily timber and window manufacturers.

DIY accounts for 43% of revenue, the professional trade for 39% and industrial customers for 18%. Sales of wood care and other solutions for outdoor applications account for more than 60% of revenue.

Dyrup's position and reputation in various markets are linked to the Group's recognised, international brands, BONDEX and GORI, which are supplemented by a few strong, local brands, including, of course, Dyrup.

The demand in the market is met primarily through in-house production and, to a lesser extent, by bought-in, mainly non-paint-related goods for resale. Dyrup has production facilities in Denmark, France, Portugal, Spain and Poland.



Financial highlights for the years 2002 – 2006 *DKKm*

Group	Pro forma* 2002	Pro forma* 2003	2004	2005	2006
Income statement					
Revenue	1,722	1,724	1,668	1,681	1,660
Gross profit	781	777	748	703	680
Operating profit before special items (EBIT)	147	142	101	16	5
Net financing costs	(23)	(22)	(14)	(23)	(24)
Profit (loss) before tax	123	120	87	(55)	(66)
Profit (loss) for the year	91	90	61	(26)	(45)
Balance sheet					
Share capital	100	100	100	100	100
Equity	573	581	579	487	442
Balance sheet total	1,289	1,228	1,312	1,274	1,227
Interest-bearing assets	106	58	42	35	51
Interest-bearing liabilities	379	304	392	449	427
Invested capital	921	906	1,008	980	897
Cash flows statement					
From operating activities	108	154	64	64	65
For investing activities **)	(49)	(56)	(97)	(58)	(27)
From financing activities	(124)	(130)	(90)	(88)	(20)
Net increase (decrease) in cash and cash equivalents	(65)	(32)	(123)	(82)	19
**) portion relating to property, plant and equipment (gross)	(51)	(56)	(86)	(38)	(23)
Financial ratios (%)					
Gross margin	45.4	45.1	44.8	41.8	41.0
Operating margin (EBIT margin)	8.5	8.3	6.0	1.0	0.3
Pre-tax margin	7.2	7.0	5.2	(3.3)	(4.0)
Return on invested capital (ROIC)	16	16	11	2	1
Return on equity (ROE)	16	16	10	(5)	(10)
Equity ratio	44	47	44	38	36
Earnings per DKK 20 share (EPS), DKK	18	18	12	(5)	(9)
Other information					
Average number of employees	1,178	1,152	1,107	1,045	961

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2005". Financial ratios are defined on page 24 of the annual report.

The financial highlights for 2004-2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

*The financial highlights for 2002-2003 are pro forma figures, with the existing financial highlights based on the Danish Financial Statements Act and Danish Accounting Standards having been restated, in all material respects, to comply with IFRS practice. Adjustment has been made in the income statement for the effect of the discontinuation of goodwill amortisation, while no restatements have been made in the balance sheet.

Vision, Mission and Values

VISION

We want to be the European market leader in wood care.

We want to be the enthusiastic and responsive partner in our fields providing strong brands, innovative products and trusted solutions.

MISSION

We provide protective and decorative products and solutions with superior benefits for homes and buildings via a lean and innovative value chain.

Excelling in our field we want to generate growth and create value for our customers and shareholders.

We will build a winning culture where passionate employees work as a team.

VALUES

- **WE DARE**
  We don't accept not trying, but we do accept mistakes
- **WE KEEP OUR PROMISES**
  We commit and deliver
- **WE DELIGHT OUR CUSTOMERS**
  We exceed customers` expectations
- **WE ARE OPEN TO CHANGE**
  We are curious, flexible and adaptable
- **WE EXECUTE OUR DECISIONS**
  We turn words into action
- **WE ARE OPEN MINDED AND HONEST**
  What we think is what we say and what we do

Management's review

Like 2005, 2006 was a challenging year for Dyrup with stagnating sales and a declining result. The focusing of Dyrup commenced in 2005 continued in 2006 with a view to improving efficiency and earnings.

The new Executive Board that was put in place in mid-2006 found that the foundation for the strategy was weaker than assumed. The costs for implementation of the strategy are therefore higher than expected, and it has been necessary to make significant write-downs of both fixed assets and inventories.

At DKK 1,660 million, revenue was slightly down on 2005 and the outlook at the start of the year. Like 2005, the result for the year was affected by special items in the region of DKK 47 million, which meant that the consolidated result after tax was a loss of DKK 45 million.

INCOME STATEMENT

The development in revenue was affected by the difficult market conditions in the DIY area, where private label increased significantly more than the general market growth in 2006. Dyrup's accessible market was consequently reduced, especially within DIY, which accounts for more than 40% of revenue.

In Denmark, revenue was in line with the previous year, while, in France, it was DKK 30 million down, compared with an expected improvement. France, Dyrup's largest market, experienced sharpened competition in 2006, both on the supplier side and the customer side, leading to loss of market shares and lower earnings.

In Germany, recent years' negative trend turned around to a 4% increase in revenue. Dyrup also succeeded in reversing the trend in Portugal to a small increase in revenue and a profit compared with 2005. Despite a first half in which the negative trend from 2005 continued, the trend was reversed to an improvement in the second half. The initiatives put in motion in 2005 and 2006 thus reversed the negative trend in both Germany and Portugal.

Persistent pressure on prices and increased raw material prices result in a decreasing gross margin. Conversely, efficiency improvement measures in the production area (Lean) meant that these costs could be kept on a par with the previous year. Overall, gross profit was DKK 680 million compared with DKK 703 million in 2005. The gross margin thus fell from 41.8% to 41.0%.

The total distribution costs were slightly lower than in 2005, primarily reflecting the strategic measures, with formation of regions and the winding up of loss-making activities in several markets. Administrative expenses were cut by approx. 7%, partly as a consequence of the staff reductions in 2005.

The operating result before special items was consequently a profit of DKK 5 million compared with DKK 16 million the previous year. It has thus not been possible to fully reduce costs in step with the fall in revenue and gross profit.

The special items in 2006 amounted to DKK 47 million after set-off of non-recurring income of DKK 16 million from the sale of trade mark rights in Egypt. These items related primarily to unusual and significant items in connection with the restructuring of Dyrup that commenced in 2005. During 2006 it was found that the implementation of the strategy and the focusing of Dyrup are more time-consuming and the costs involved significantly higher than first assumed. This applies, first and foremost, to costs for winding up of loss-making activities.

The special items include costs for additional focusing of Dyrup, including staff reductions and termination of the activities within DIY and the professional area in Norway. In addition, additional write-downs of property, plant and equipment were necessary. Inventories were also written down selectively as a consequence of the strategic measures. The full-year result after tax was consequently a loss of DKK 42 million.

Net financing costs increased to DKK 24 million. The result before tax was consequently a loss of DKK 66 million, and the result after tax a loss of DKK 45 million.

BALANCE SHEET

The consolidated balance sheet total closed the year in the region of DKK 1.2 billion compared with DKK 1.3 billion in 2005. The decline was due primarily to the fixed assets, where capital expenditure was only DKK 23 million, at the same time as depreciation and impairment losses rose to DKK 90 million, with impairment losses accounting for DKK 18 million.

Inventories were at the same level as the previous year. Total receivables showed a small decrease.

Equity stood at DKK 442 billion, equivalent to an equity ratio of 36%, up from 38% at the end of 2005.

Net interest-bearing debt stood at DKK 376 million at the end of 2006 compared with DKK 414 million at the end of 2005. In view of the result for the year, the development in operating cash flows was satisfactory.

CASH FLOWS

Operating cash inflow was DKK 65 million, on a par with 2005. Total investments and capital expenditure were down by DKK 30 million on 2005 to DKK 27 million, overall. Property, plant and equipment accounted for most of capital expenditure in 2006.

In 2006, cash flows for financing activities related solely to a DKK 20 million decrease in non-current financial liabilities.

The net cash flow for the year was an inflow of DKK 19 million, largely corresponding to the increase in cash and cash equivalents. Net cash and cash equivalents consequently amounted to DKK (157) million.

The financial resources are considered satisfactory to underpin Dyrup's continued development, which will entail major investments in the coming years.

OUTLOOK FOR 2007

Dyrup expects modest market growth in its markets in 2007, with Spain and Portugal and the industrial area in general contributing the highest growth.

Dyrup expects, as a minimum, to hold its position in its principal markets and to expand its position in the industrial area, which is also expected to grow in 2007. Dyrup will thus be making a targeted effort to strengthen its position in wood care and to generate growth in the markets in which Dyrup currently enjoys a strong position. This will be achieved, among other things, through the launch of innovative products underpinned by increased marketing, which have a beneficial effect in the years ahead.

Dyrup will invest substantial resources again in 2007 in efficiency improvement and improvement of the company's infrastructure in order to enhance its competitiveness.

Overall, revenue in the region of DKK 1.7 billion is anticipated. Due to the deliberate increase in costs for market communications, product innovation and general skills development, the operating result is expected to show a small loss. The result after tax is consequently expected to be a loss in the region of DKK 20 million compared with a loss after tax of DKK 45 million in 2006.

ACCOUNTING POLICIES

The accounting policies follow the accounting policies applied by the parent company Monberg & Thorsen, which is listed. The annual report has been prepared in accordance with IFRS and applying the same policies as in 2005.

CORPORATE GOVERNANCE

Dyrup is not listed, but wholly-owned by the listed Monberg & Thorsen. Dyrup's Corporate Governance principles are essentially identical to those applied by Monberg & Thorsen. The current principles are described at www.monthor.dk and in the parent company's annual report, to which reference is made.

MANAGEMENT INFORMATION

On 1 June 2006, Erik Holm took up the post of new CEO of Dyrup. Erik Holm came from the post of CEO of Louis Poulsen Holding A/S.

Hanne Lund, Executive Vice President, Finance, stepped down from the Executive Board on 4 September 2006.

MARKET DEVELOPMENT 2006

The markets in which Dyrup is represented with paints and wood care showed a small improvement in 2006, overall. The general market trend was thus slightly more positive than anticipated at the start of the year.

The general market growth is driven primarily by the industrial market and also by the professional market. Good market conditions and growth in construction have a positive effect on both of these market areas.

The overall DIY market increased only marginally, whereas the share accounted for by private label is still increasing to the effect that the market for branded products is diminishing year on year. The increase in private label in 2006 was significantly higher than the market growth, especially in the DIY area, which accounts for more than 40% of Dyrup's revenue. This increasing trend was most pronounced in France, to which should be added intensified competition between the manufacturers, which has been instrumental in reducing earnings. Progress was made in both the professional and the industrial areas.

Denmark

Dyrup's revenue in Denmark was in line with 2005. A sustained high level of activity in the construction sector generated progress in excess of 8% in the professional trade, which is estimated to be on a par with the market growth. The DIY market is considered to be flat. Here, Dyrup realised revenue below the previous year's level. Dyrup retained its market share within the industrial area in Denmark.

France

In France, Dyrup experienced a substantial fall in sales due to a very difficult market situation. A falling and price-sensitive DIY market, coupled with extremely fierce competition between the large chains of builders merchants, led to an overall decline and a loss of market shares, partly due a steep increase in private label. In the professional and industrial markets, Dyrup delivered revenue in line with the previous year. Revenue was thus down on the general market development.

Germany

In the stagnating German market, Dyrup recorded a sales increase of just under 4%, overall. The increase was attributable to the DIY market, where Dyrup focused its efforts on wood care, strengthening its market leading position significantly during year, so that Dyrup is now again No. 1 in DIY wood care. Efforts in the professional area were reorganised during the year, and there is a sound basis for an improvement in 2007 compared with the decline in revenue experienced in 2006. The growth in the industrial area was satisfactory in a falling market.

Portugal

After several years of a negative market trend in the professional market, it was a positive sign that the decline in 2006 was limited. However, Dyrup lost some ground at the start of the year in a slightly falling market, although recent years' decline was reversed in the second half, especially on the earnings front. The DIY market is increasing its share of the overall market, but is still somewhat smaller than the professional market. In the DIY market, Dyrup's sales development significantly outperformed the general market growth, primarily reflecting the launch of several innovative products and concepts. Overall, Dyrup's sales were slightly ahead of the previous year.

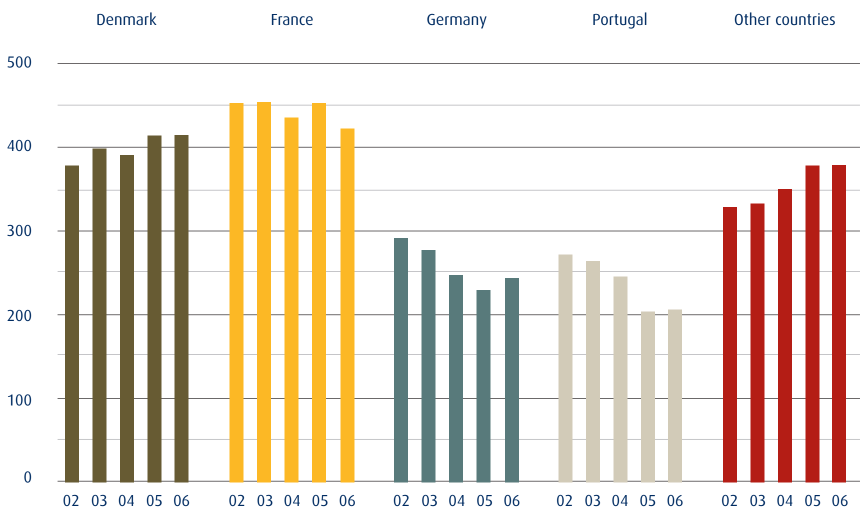
Spain

Dyrup is primarily a supplier to the professional market, but with a good position within the growing, but still restricted DIY market. Dyrup has made good progress in the DIY market thanks to a number of product launches within paints. At the same time, the development in the professional market was satisfactory and ahead of the market development. Overall, Dyrup recorded a 5% increase in sales in the Spanish market.

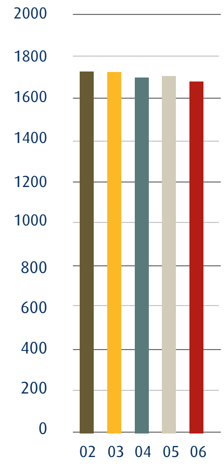
Poland

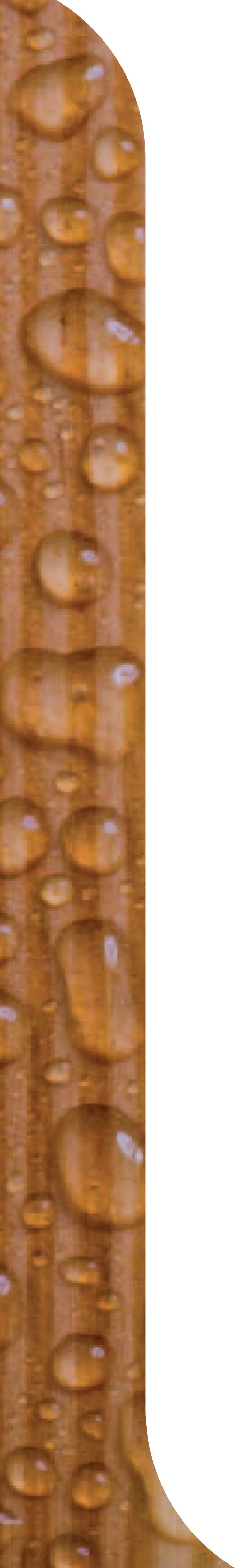
Dyrup's sales to industrial customers again considerably outperformed the still growing industrial market. Dyrup's growth in the industrial market thus secured overall growth in the Polish business, despite the decline in sales to DIY and the professional market being higher than the decline in the general market.

DEVELOPMENT IN REVENUE BY MARKET 2002- 2006 *DKKm*



DEVELOPMENT IN CONSOLIDATED REVENUE 2002- 2006 *DKKm*





STRATEGY DELIBERATIONS

At the start of 2006, Dyrup launched STRATEGY 2008 with the aim of focusing Dyrup and creating profitable growth in the lead up to 2009.

The basic elements of the strategy still stand. However, the development in 2006 has shown that the implementation of the strategy is taking longer, and that the costs will be significantly higher than expected, especially in connection with the winding up of loss-making activities. To this should be added the fact that the market development in 2006, with persistent severe competition and intensified price pressure, has generally led to lower earnings in several of Dyrup's principal markets, particularly France, where the proportion accounted for by private label has also been rising steeply.

It must thus be concluded that the financial targets in STRATEGY 2008 cannot be achieved within the strategy period.

Acquisitions are an important element of the strategy, as organic growth in itself is not sufficient to secure the earnings targets that have been set. No acquisitions were made in 2006, but relevant acquisition candidates are being analysed to clarify whether it will be possible to implement any acquisitions in 2007 that can strengthen Dyrup's strategic position. Alternatively, relevant business partners are being considered.

Until this has been clarified, Dyrup will work intensively, in accordance with STRATEGY 2008, on securing its basic business, where a focusing of Dyrup's activities and strengthening of its foundation will still be required.

A revised strategy for the coming three years will then be prepared in which new financial targets will be set. The main strategic elements of STRATEGY 2008 will still apply for the current core business.

STRATEGY 2008

The strategy focuses on development and strengthening of Dyrup's strong positions within selected product categories and geographical market areas. The overall theme is to grow business areas that can be made profitable by the end of the strategy period, for example by exploiting the edge Dyrup has by virtue of the significant position it already enjoys in wood care.

The key elements of the strategy are as follows:

Developing market position
The strategic objective is for Dyrup to be among the top three in the markets in which the company markets its products measured in terms of market share. One of the keys for strengthening the relationship with customers and end users is Dyrup's well-known and recognised brands, and the investment in these will be stepped up.

Dyrup must strengthen its market positions within wood care in its existing principal markets and within paints in Denmark and the Iberian Peninsula.

Considerable organic growth must be ensured in the industrial area, where Dyrup wishes to strengthen its position as market leader within outdoor wood care for the wood-working industry in Europe.

Strengthening distribution
Dyrup will strengthen its position and invest within the professional area. The distribution will be strengthened through own paint centres, through wholesalers and through alliances with other suppliers in the market.

The strong European market position within the DIY area must, as a minimum, be maintained in builders' merchants and supermarket chains. Furthermore, the distributor networks in Denmark and Portugal will be strengthened and upgraded.

Technology leader and innovation
Dyrup will strengthen its development activities to secure a position among the technological market leaders within wood care. Innovative solutions must be launched on a regular basis at European level in response to customer and consumer wishes.

Optimisation and efficiency improvement
Dyrup will create efficiency improvements throughout its value chain, including supply chain, administration, sales, marketing and development. The efficiency improvements will emanate from the heightened focus on specific business areas and the introduction of Lean principles in the supply chain and parts of the administration.

As a consequence of the focus on key areas, the complexity must be reduced throughout the business through targeted process improvements.

Dyrup will strengthen its employees' skills to equip them to undertake the demanding tasks and ensure the organisational foundation required to underpin the strategic changes.

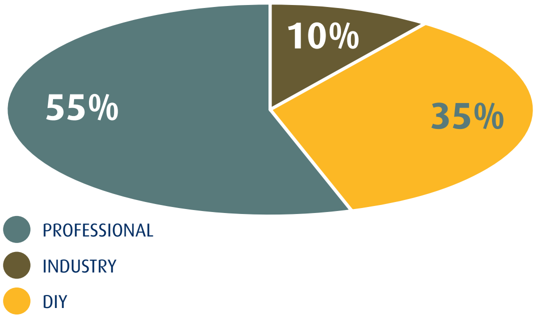
THE DIY MARKET

Dyrup's customers in the DIY market are paint shops and builders' merchants, whose main customers are private individuals. The share of the total market accounted for by DIY varies substantially from market to market in Europe, and the proportion is the lowest, but growing, in Southern Europe.

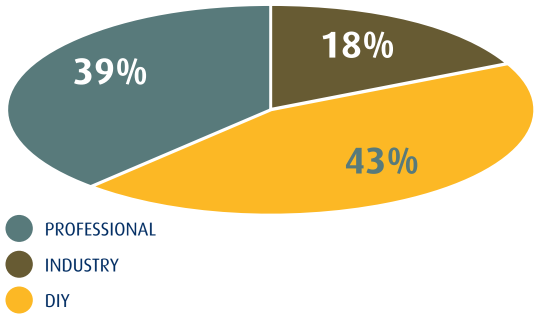
Dyrup's sales to the DIY market, which account for 43% of consolidated revenue, declined in 2006, while it is estimated that the general market showed a slightly upward trend.

In future, Dyrup will, as a minimum, hold its positions in the DIY area in its principal markets. One of the prerequisites for this remains strong branded products supported by the roll-out of innovative products and concepts that supplement and renew the existing portfolio of quality products. Increased marketing and continued launches of innovative products feature among Dyrup's focus areas for 2007.

Market: Relative sizes of sales channels



Dyrup: Relative sizes of sales channels



THE PROFESSIONAL MARKET

Dyrup caters for the professional market through own dealers, independent wholesalers specialising in paints and professional builders' merchants. The end users are primarily professional decorators.

In 2006, the professional market accounted for 39% of Dyrup's revenue.

The professional market is, to a great extent, driven by the development in construction, which has shown growth of approx. 2% in Dyrup's markets in 2006. It is estimated that the professional market had slightly lower growth, corresponding to Dyrup's sales growth, driven by good sales progress in Denmark.

A strengthening of Dyrup's position is in focus for 2007.

THE INDUSTRIAL MARKET

Dyrup serves two customer types in the industrial market.

One group, which accounts for approx. 70% of revenue, consists of manufacturers of wood products for outdoor applications such as windows, doors, wood cladding, garden furniture and fencing, where it is necessary to apply surface protection to the wood product to preserve and beautify it. The products for this customer group are developed and manufactured in Kolding, Denmark, and are marketed under the GORI brand name.

Typical customers in the other customer group are sawmills using products for impregnating wood used in building structures. The products are marketed and sold primarily in France, under the Xylophene brand name. In the French industrial market, Dyrup also sells aftercare products for existing timber structures and products to prevent and treat termite infestation. The products for these customers are developed and manufactured in Albi, France.

Overall, the industrial market in Europe showed a slightly upward trend, and Dyrup strengthened its position. Within outdoor surface protection, in particular, Dyrup succeeded in expanding its market position still further despite cut-throat price competition and an already strong market position. Sales of surface protection products, in particular, rose in 2006, and this growth is expected to continue in 2007, partly driven by the Polish and German markets. A strengthened distribution structure, primarily in the Baltic States – but also the distribution agreements in Hungary, the Ukraine, Italy, the Czech Republic and, especially, the UK – will also contribute to the continued positive development in Dyrup's industrial area.

PRODUCT INNOVATION

Development of new, innovative products is one of Dyrup's key competitive parameters. Dyrup's innovative efforts in 2006 concentrated on outdoor wood care, in keeping with the strategy.

In the French and German DIY markets, Dyrup launched a new wood care product incorporating nanotechnology. Nanotechnology enhances the product's ability to block UV rays and repel water. In the Danish market, the product "GORI 99 Extreme" was rolled out. "Extreme" refers to the fact that, by applying a new technology, an extended life of as much as 15 years has been achieved.

In the Spanish and Portuguese markets, Dyrup's collaboration with the Spanish designer Agatha Ruiz De La Prada led to the launch of a range of paints in the Spanish designer's striking colours and patterns, which is marketed under the name "Agatha by Bondex". The concept was met with a very positive reception in both markets and will therefore also be launched in France in 2007.

In the coming years, much of Dyrup's product development will be aimed at meeting EU requirements. Even though it is a highly resource-intensive development task, Dyrup still views sharpened EU requirements as an opportunity to enhance its competitiveness. Dyrup is consequently reformulating its strategically important wood care products. The reformulation is proceeding to plan.

In 2007, Dyrup will continue its development activities with focus on wood care products incorporating nanotechnology. Dyrup also expects to launch a product in Denmark, "GORI 99 Extreme Transparent", that embodies this technology. At the same time, Dyrup expects to introduce products that ensure easier and faster application. One such example is "GORI 2 in 1", a wood care product incorporating both primer and surface protection in one product.

THE SUPPLY CHAIN

The supply chain covers the activities from the minute the customer's order is received through to delivery of the agreed products and services.

Today, Dyrup has production facilities in Denmark, France, Spain, Portugal and Poland, and warehousing facilities in several of the European countries in which the products are marketed. The Group regularly aligns and optimises its supply chain to create a competitive infrastructure.

Lean as production concept is being implemented at all Dyrup's factories. Implementation is in the form of a roll-out based on best practice. In this context, the Søborg factory functions as a pilot factory. The activities under the Lean umbrella have resulted in significant increases in productivity and a substantial reduction in waste from the production processes.

The Lean concept requires new and different skills among the employees and greater flexibility. The employees are consequently undergoing training, throughout the process, to enable them to meet these requirements.

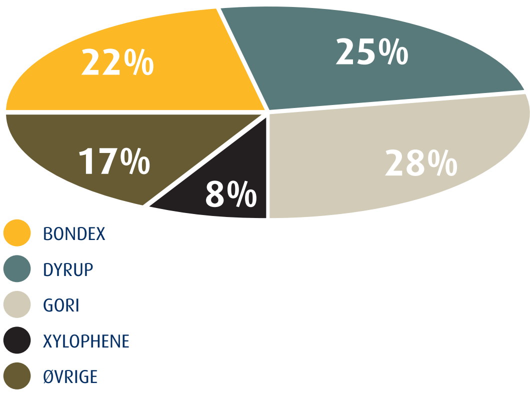
The centralisation of warehousing facilities continued in 2006. In Portugal and Spain, the number of warehousing locations was reduced. In 2007, it will be considered whether additional central warehousing solutions can underpin a future service concept and improve efficiency within selected areas. In 2007, as part of these efforts, Dyrup will be launching a VMI concept (Vendor Managed Inventories) targeting Dyrup's large customers.

BRANDS

Dyrup markets itself using a number of powerful, international brands. The most important of these are BONDEX and GORI. Dyrup's strategy for its branded products, with BONDEX being used for the DIY market, and GORI being Dyrup's brand for the professional and industrial markets, has been implemented in the markets in which this is relevant. In Denmark, GORI is still used within DIY. The Dyrup name is used as a brand name for paints in Denmark and Portugal. At the same time, Dyrup uses strong, local brand names such as Xylophene in France.

A strengthening of Dyrup's brands is a key element of Dyrup's strategy. Particularly in the DIY market for wood care, Dyrup will intensify its marketing with a view to further strengthening and developing its already significant positions.

Breakdown of Dyrup's revenue by brand 2006



ENVIRONMENT

It is paramount for Dyrup to be environmentally responsible in all its activities and to continually comply with current environmental legislation.

External environment
Dyrup's factories in France and Portugal have ISO 14001 certification, and the Group's other factories apply procedures that ensure a high level of environmental responsibility. Dyrup applies rigid procedures to check that it complies with the statutory limit values for each country.

The two Danish factories in Søborg and Kolding present green accounts in accordance with current legislation.

At the end of 2006, the Søborg factory began testing a new method for soil treatment based on introducing heat to the soil, thereby removing the contamination faster than by use of existing methods. The results will be evaluated during 2007.

It is judged that there are no new environmental challenges at Dyrup's manufacturing sites or known environmental laws or regulations affecting Dyrup's manufacturing sites that Dyrup is not complying with or could comply with when they become effective.

Product environment
The environmental legislation in Europe is regularly adjusted and expanded. This has implications for Dyrup and the Group's products.

REACH
The REACH regulation was adopted by the EU at the end of 2006 and becomes effective on 1 June 2007. The regulation introduces a series of new requirements concerning documentation and application of chemical substances and risk assessment of the effect of the chemical substances on humans and the environment.

The chemical substances that are comprised by REACH must be tested and recorded. In that connection, Dyrup, as a user of chemicals (so-called downstream user), may potentially be faced with demands concerning necessary adjustment and development of its products. Dyrup has been preparing for the new legislation for a number of years.

Labelling
An adjustment of the EU labelling rules was introduced in 2006. The new rules entail tightened requirements for labelling where products are hazardous to the aquatic environment, and relate to the active substances, especially the biocides. Dyrup geared itself for these changes in the course of 2006. In some instances, this led to product adjustments, while, in other instances, it led to labelling changes. The new labelling rules become effective in the EU on 1 March 2007.

VOC
The VOC Directive concerning reduction of the content of organic solvents in products reached the first milestone on 1 January 2007. Dyrup has aligned all the relevant products to the new limit values and is continuing the planning and implementation of the next phase, where the limits for VOC content will become even more stringent.

With its long-standing experience in water-based products, Dyrup has a number of advantages in the cost-intensive process of change facing the industry. We therefore expect that the increased environmental requirements may offer opportunities for competitive advantages for Dyrup.

BPD
The rules from the BPD Directive, an EU harmonisation for approvals of active substances in products, have moved a step closer. Dyrup is concentrating on developing and testing recipes within relevant product areas with a view to continually adapting its products.

SKILLS

Being innovative is a competitive parameter for Dyrup. Dyrup needs to be increasingly flexible and efficient in order to meet the requirements for change and adaptation. Production methods, distribution networks, IT systems, communications systems and employee knowledge and skills therefore need to be continually improved.

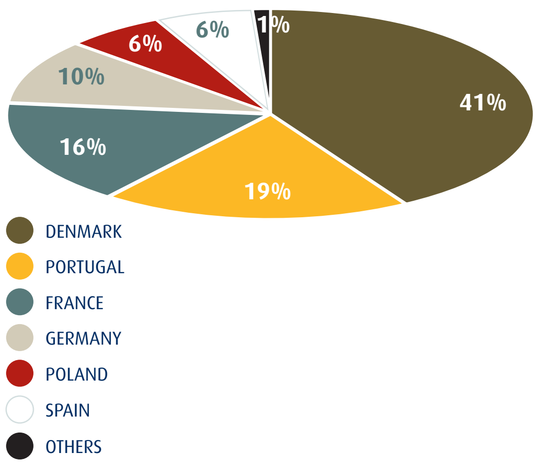
Action areas for skills development were identified during the year. As a consequence, the focus in 2007 will be on attracting and developing employees and skills with the long-term perspective of creating a stable platform for the future development of the business. For example, an extensive Leadership Development Programme is underway.

Competition for the scarce labour resources in the Danish market also affected Dyrup in 2006. One of the consequences was a higher employee turnover than normal, at the same time as recruitment of new employees has become more difficult as a result of the growing shortage of suitable candidates. This challenge is expected to persist for some years to come.

Dyrup's competitiveness and positive development rely on bringing new products and services to the market quickly. Dyrup therefore seeks to tighten its market focus during the development process by increasingly bringing the development functions and the sales and marketing functions closer together.

In 2006, Dyrup's staff number averaged 961, down 8% on 2005. Dyrup had 954 employees at the end of the year. A breakdown of employees by country is given to the right.

Breakdown of employees by Dyrup market



RISK FACTORS

Cyclical fluctuations, political intervention and changing weather conditions can result in fluctuations in demand from one year to the next.

Effective risk management at all levels of the organisation is instrumental in protecting Dyrup's values and achieving planned results.

Commercial factors
Some of the raw materials used by Dyrup are only available from a handful of suppliers. Wherever possible, Dyrup seeks to obtain guarantees with respect to agreed supply capacity and stable price formation.

The price formation of some raw materials depends, directly or indirectly, on the oil price, a market force which is outside Dyrup's control.

Consolidation among Dyrup's large customers in the DIY market puts pressure on prices, and this may impact on Dyrup's earnings.

Dyrup pursues a tight credit policy, with trade receivables being continually monitored and, in a few markets, partly insured. These measures help to keep losses on bad debts down, although these efforts are being inhibited by the tradition of extended credit periods in some markets.

Financial factors
Dyrup's financial transactions are mainly in euro or currencies linked to the euro. The currency exposure is therefore limited, and is hedged using conventional financial instruments where deemed necessary.

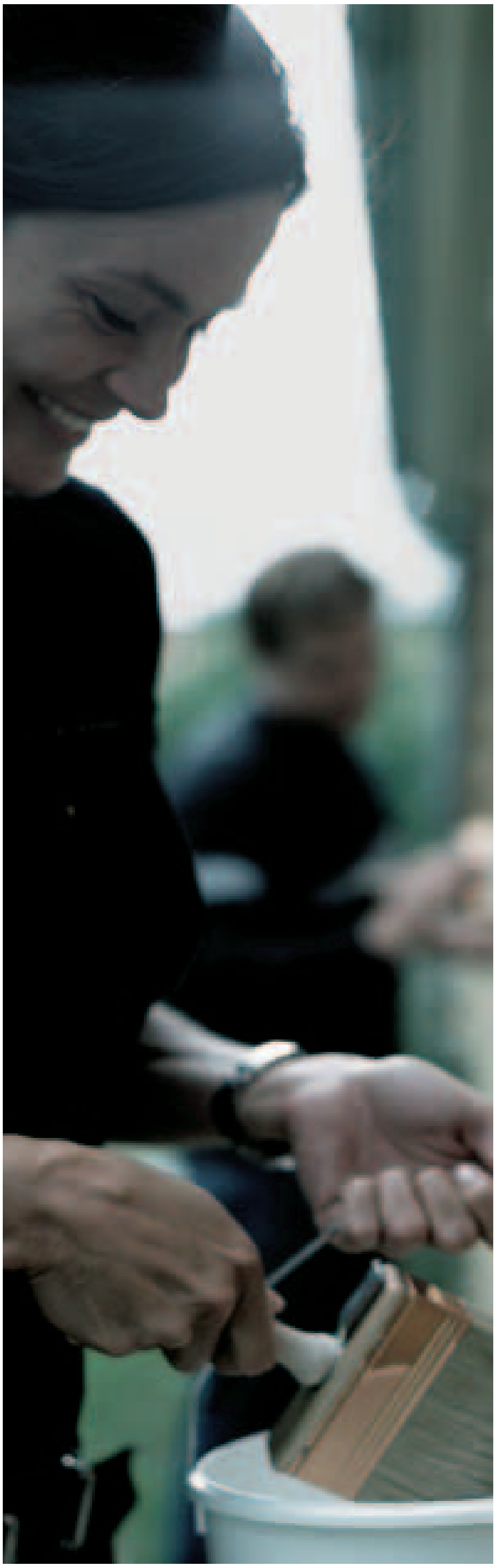
Dyrup's non-current debt consists of fixed-interest loans, and the credit costs correspond to the current level. The interest rate on cash and short-term bank loans is variable.

Dyrup's cash resources and credit facilities are adequate to secure its operations and planned capital expenditure.

Other factors
Insurable risks are insured to ensure that the Group's financial position will not be jeopardised by any damage, injuries or any acts that give rise to liability. Besides statutory insurances, the Group has taken out business interruption and product liability insurance.

Through risk management based on mapping of the Group's risks, preventive action is taken that assists in containing the Group's risk costs.

All Dyrup's strategic trade marks are registered and monitored through international trademark agents.



Supervisory Board

Mogens Granborg
- Executive Vice President, Danisco A/S
- (CB) Monberg & Thorsen A/S
- (CB) DSB

Jørgen Nicolajsen
- President, Monberg & Thorsen A/S
- (MB) MT Højgaard A/S

Hans Bennetzen
- Divisional President, Group 4 Securicor
- (MB) Monberg & Thorsen A/S

Anders Colding Friis
- President, Skandinavisk Tobakskompagni A/S
- (MB) Monberg & Thorsen A/S
- (MB) IC Companys A/S

Søren Ladegaard*
- Service Mechanic

Michael Nielsen*
- Sales Manager

Henriette Holmgreen Thorsen
- Managing Director Belvédère Scandinavia A/S

Carsten Tvede-Møller
- Lawyer, Plesner Svane Grønborg
- (MB) Monberg & Thorsen A/S

Allan Wolder*
- Specialist Worker

Executive Board

Erik Holm
- (MB) SP Group A/S
- (MB) Arvid Nilsson A/S
- (MB) Arvid Nilsson Fond
- (MB) Investeringskomiteen LD Equity 1 K/S

(CB) Chairman of the Supervisory Board
(MB) Member of the Supervisory Board
** Employee representatives*

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards of Dyrup A/S have today discussed and approved the annual report for the financial year 2006.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements for annual reports. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2006.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 21 March 2007

Supervisory Board

Mogens Granborg *Chairman*	Jørgen Nicolajsen *Deputy Chairman*	Hans Bennetzen	Anders Colding Friis	
Søren Ladegaard	Michael Nielsen	Henriette H. Thorsen	Carsten Tvede-Møller	Allan Wolder

Executive Board
Erik Holm

INDEPENDENT AUDITORS' REPORT

To the shareholder of Dyrup A/S
We have audited the annual report of Dyrup A/S for the financial year 1 January - 31 December 2006, which comprises management's review, the statement by the Executive and Supervisory Boards, accounting policies, cash flow statement, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Management's responsibility for the annual report
Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

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

Our audit did not result in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Copenhagen, 21 March 2007

Ernst & Young
Statsautoriseret Revisionsaktieselskab

Søren Strøm *State Authorised Public Accountant*	Bent Jensen *State Authorised Public Accountant*

Market holders
François Corda, General Manager, France, Belgium
Sten Chrisdam, General Manager, Nordic
Jürgen David, General Manager, Germany, Austria
Ireneusz Struk, General Manager, Poland
Eduardo Cevasco, General Manager, Spain, Portugal
Thomas Kjellker, Manager, Industri

Other senior executives
Henrik D. S. Nielsen, Corporate Supply Chain
Allan Dehn Søgaard, Corporate IT
Ulrik Mikkelsen, Corporate Finance
Lars Østerby, Corporate Marketing
Jan Kongerslev, Corporate HR

ACCOUNTING POLICIES

BASIS OF PREPARATION

The Group's and the parent company's annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the annual report has been prepared in compliance with International Financial Reporting Standards issued by the IASB.

The annual report is presented in Danish kroner.

The accounting policies are unchanged from those set out in the 2005 annual report.

The amendments to IAS 19 "Employee Benefits", IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 39 "Financial Instruments, Recognition and Measurement", all of which became operative on 1 January 2006, have no effect on the financial reporting.

Basis of consolidation
The consolidated financial statements comprise the parent company Dyrup A/S and subsidiaries in which the Group holds, directly or indirectly, more than 50% of the voting rights or which it controls in some other way.

The consolidated financial statements are prepared on the basis of the parent company's and the individual subsidiaries' audited financial statements determined in accordance with the Group's accounting policies.

On consolidation, identical items are aggregated and intragroup income and expenses, shareholdings, balances and dividends are eliminated. Unrealised gains and losses arising from intragroup transactions are also eliminated.

Newly acquired or newly formed enterprises are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated for newly acquired enterprises or enterprises disposed of.

Gains and losses on disposal of subsidiaries are reported by deducting from the proceeds on disposal the carrying amount of net assets including goodwill at the date of disposal and related selling expenses.

Business combinations
Acquisitions of enterprises over which the parent company obtains control are accounted for applying the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right and the fair value can be measured reliably. The tax effect of the restatements performed is taken into account.

Any excess of the cost of the acquisition over the fair value of the assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Any excess of the fair value over the cost of the acquisition (negative goodwill) is credited to the income statement at the acquisition date.

If there is any uncertainty at the acquisition date concerning the measurement of identifiable assets acquired or liabilities or contingent liabilities assumed, initial recognition is based on provisional fair values. If it is subsequently found that identifiable assets, liabilities and contingent liabilities had a different fair value at the acquisition date than initially assumed, goodwill is adjusted within twelve months of the acquisition date.

Foreign currency translation
The individual business unit's functional currency is determined as the primary currency in the market in which the business unit operates. The predominant functional currency for the Group is euro.

Transactions denominated in all currencies other than the individual business unit's functional currency are accounted for as transactions in foreign currencies that are translated into the functional currency using the exchange rates at the transaction date. Receivables and payables in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange differences arising between the exchange rate at the transaction date or the balance sheet date and the date of settlement are recognised in the income statement as financial income and expenses.

On recognition of foreign subsidiaries the income statement items determined in the individual enterprises' functional currencies are translated into Danish kroner at average exchange rates that do not deviate significantly from the exchange rates at the transaction date, while the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statement items from average exchange rates to the exchange rates at the balance sheet date are taken directly to a separate translation reserve under equity.

Foreign exchange gains and losses on the portion of loans designated as hedges of foreign enterprises with a different functional currency than the parent company are also taken directly to equity.

On acquisition or disposal of foreign entities, their assets and liabilities are translated at the exchange rates ruling at the acquisition date or the date of disposal.

Derivative financial instruments
The Group uses derivative financial instruments such as forward exchange contracts and similar instruments to hedge financial risks arising from operating activities. The present use of derivative financial instruments does not qualify for hedge accounting.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses as they occur.

Derivative financial instruments are recognised initially in the balance sheet at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Gains and losses on remeasurement to fair value are recognised as other receivables and other payables, respectively.

Leases
Leases relating to fixed assets in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet as assets. The assets are recognised initially at cost, equivalent to the lower of their fair value and the present value of the future lease payments.

The present value is measured using the interest rate implicit in the lease or an approximation thereof as the discount rate.

The capitalised residual lease commitment on finance leases is recognised as a liability.

All other leases are accounted for as operating leases. Lease payments under operating leases are recognised in the income statement over the lease term. Information on the residual lease commitment is disclosed in the notes under lease commitments.

Government grants
Government grants include grants for projects, investments, etc.

Grants that compensate the Group for expenses incurred or for the purchase of assets are set up in the balance sheet as deferred income or deducted in arriving at the carrying amount of the assets and recognised in the income statement in the same periods in which the expenses are incurred or over the periods and in the proportions in which depreciation on the assets is charged.

INCOME STATEMENT

Revenue
Revenue represents goods sold and services rendered.

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and the income can be measured reliably and its payment is probable.

Revenue is measured net of value added and similar salesbased taxes and trade discounts and rebates.

Production costs
Production costs comprise both direct and indirect costs incurred in generating the revenue for the year.

Production costs include the cost of raw materials and consumables, wages and salaries, depreciation and impairment losses, etc.

Distribution costs
Distribution costs comprise freight, tendering, advertising and marketing costs as well as salaries, etc., relating to the sales and marketing departments, and amortisation and impairment losses on trade marks and distribution rights.

Administrative expenses
Administrative expenses comprise expenses for administrative staff and management, including salaries, office expenses, depreciation, etc.

Other operating income
Other operating income comprises primarily rental income.

Financial income and expenses
Financial income and expenses comprise interest income and expense, dividends from other equity investments, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies, as well as income tax surcharges and refunds.

Dividends from investments in subsidiaries are credited to the parent company's income statement in the financial year in which they are declared; however, dividends are offset against the cost of the investment to the extent that distributed dividends exceed the accumulated earnings after the acquisition date. Writedowns of subsidiaries to recoverable amount are also recognised.

Financial income and expenses also include realised and unrealised gains and losses on derivative financial instruments that do not qualify for hedge accounting.

Income tax
Income tax expense, which consists of current tax and changes in deferred tax, is recognised in the income statement except to the extent that it relates to income and expenses recognised directly in equity, in which case it is recognised directly in equity.

Current tax comprises both Danish and foreign income taxes as well as adjustments relating to prior year taxes.

Dyrup A/S is taxed jointly with its parent company Monberg & Thorsen A/S (management company) and the other Danish subsidiaries.

Current taxes for the year are allocated between the jointly taxed companies. The jointly taxed companies are taxed under the on-account tax scheme.

BALANCE SHEET

Intangible assets
Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Goodwill is measured initially at cost as described in the section on business combinations.

Goodwill is not amortised. The carrying amount of goodwill is reviewed, at least annually, and written down via the income statement to the recoverable amount if this is lower than the carrying amount.

Development costs relating to clearly defined and identifiable products are recognised as development projects to the extent that it is probable that products will generate future economic benefits exceeding cost. Other development costs are recognised in the income statement as an expense as incurred.

Trade marks, distribution rights and completed development projects are amortised over their expected useful lives, which are 5-20 years.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect cost of materials, components, subsuppliers and labour. Interest expense and other borrowing costs on loans to finance the production of assets and which relate to the production period are recognised directly in the income statement.

Property, plant and equipment are depreciated on a straightline basis over the expected useful life to the expected residual value. The useful lives of major assets are determined on an individual basis, while the useful lives of other assets are determined for groups of uniform assets.

The expected useful lives are 10-50 years for buildings, 3-20 years for plant and machinery, and 3-10 years for fixtures and fittings, tools and equipment and leasehold improvements.

Land is not depreciated. Nor is depreciation charged if the residual value of an asset exceeds its carrying amount. The residual value is determined at the date of acquisition and reviewed annually.

Gains and losses on disposal of property, plant and equipment are recognised in the income statement as production costs, distribution costs or administrative expenses and are measured as the difference between the selling price less costs to sell and the carrying amount at the date of disposal.

Investments in the parent company's financial statements
The parent company measures investments in subsidiaries at cost. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Cost is reduced to the extent that distributed dividends exceed accumulated earnings.

Subsidiaries with a negative carrying amount are recognised at nil. If the parent company has a legal or constructive obligation to cover a subsidiary's negative balance, the negative balance is offset against the parent company's receivables from the subsidiary. Any balance is recognised under provisions.

Other investments
Other non-current receivables are measured at amortised cost less impairment losses.

Impairment of fixed assets
The carrying amounts of intangible assets, property, plant and equipment and investments are reviewed, at least annually, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated; however, the recoverable amount of goodwill is always reviewed annually.

The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use, which is the discounted value of the expected future cash flows from the cash-generating unit.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that the assumptions and estimates that led to recognition of the impairment loss have changed.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than the cost, inventories are written down to this lower value.

The cost of raw materials and consumables comprises purchase price plus expenses incurred in bringing them to their existing location and condition.

The cost of finished goods comprises the cost of raw materials, consumables, direct labour and indirect production overheads.

Receivables
Receivables are measured at amortised cost less impairment losses.

Prepayments and deferred income
Prepayments are recognised under receivables, and deferred income is recognised under current liabilities. Prepayments and deferred income include costs incurred or income received during the year in respect of subsequent financial years.

Equity

Dividends
Proposed dividends are recognised as a liability at the date of adoption at the Annual General Meeting. The expected dividend payment for the year is disclosed as a separate item under equity.

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences after 1 January 2004 that have arisen from the translation of the financial statements of foreign enterprises from their functional currencies to Danish kroner.

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Income tax and deferred tax
Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account, etc.

Deferred tax liabilities and deferred tax assets are measured using the balance sheet liability method, providing for all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. No provision is made for deferred tax on temporary differences relating to goodwill not deductible for tax purposes. The measurement is based on the planned use of the asset or settlement of the liability, and on the relevant tax rules.

Deferred tax assets, including tax loss carryforwards, are recognised at the value at which it is expected that they can be utilised by set-off against deferred tax liabilities or by elimination against tax on the future earnings of the subsidiary or the parent company and the other jointly taxed subsidiaries in the same country. Deferred tax assets are entered as a separate line item under investments.

Deferred tax is measured on the basis of the tax rules and the tax rates effective in the respective countries at the time the deferred tax is expected to crystallise as current tax. The effect of changes in deferred tax due to changed tax rates is recognised in the income statement, unless the items in question were previously taken to equity.

Pension obligations
The Group's pension plans are insured (defined contribution). Contributions to defined contribution plans are recognised in the income statement in the period to which they relate, and any costs payable are recognised in the balance sheet as other payables.

Provisions
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when the amount can be measured reliably.

Financial liabilities
Bank loans, etc. are recognised at inception at the proceeds received net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, comprising trade payables, payables to subsidiaries, and other payables, are measured at amortised cost.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows for the year, broken down by operating, investing and financing activities, and the effects of these cash flows on the Group's cash and cash equivalents.

The cash flow effect of acquisitions and disposals of enterprises is shown separately under cash flows from investing activities. Cash flows from acquisitions are recognised in the cash flow statement from the date of acquisition and cash flows from disposals are recognised up to the date of disposal.

Cash flows from operating activities
Cash flows from operating activities are determined using the indirect method, whereby operating profit is adjusted for the effects of non-cash operating items, changes in working capital, and net financing costs and income taxes paid.

Cash flows for investing activities
Cash flows for investing activities comprise payments in connection with acquisition and disposal of enterprises and activities and purchase and sale of intangible assets, property, plant and equipment and investments as well as purchase and sale of securities.

Cash flows from financing activities
Cash flows from financing activities comprise payments to and from shareholders, including payment of dividends and increases and decreases in non-current borrowings.

Cash and cash equivalents
Cash and cash equivalents comprise cash and cash equivalents less current portion of bank loans, etc.

SEGMENT INFORMATION

Dyrup A/S's operations are all within a single segment, and no segment information is therefore provided.

FINANCIAL RATIOS

Financial ratios have been prepared in conformity with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'.

Financial ratios are defined on page 24 of the annual report.

N.B. In case of incongruity between the Danish and the English version of the accounting policies, the Danish version shall be regarded as the valid one.

Income statement for the year ended 31 December 2006 *DKKm*

Note		Parent company 2005	Parent company 2006	Group 2006	Group 2005
1	Revenue	811.5	827.2	1,660.0	1,680.6
2	Production costs	554.3	561.0	980.1	977.6
	Gross profit	257.2	**266.2**	**679.9**	703.0
2	Distribution costs	175.5	190.4	545.7	549.3
2	Administrative expenses	74.6	69.4	133.0	142.5
3	Other operating income	2.3	2.1	4.0	5.2
	Operating profit before special items (EBIT)	9.4	**8.5**	**5.2**	16.4
4	Special items	(7.8)	(10.0)	(47.3)	(49.2)
	Operating profit (loss)	1.6	**(1.5)**	**(42.1)**	(32.8)
5	Financial income	19.9	22.2	3.8	6.7
6	Financial expenses	12.3	35.5	28.0	29.2
	Profit (loss) before tax	9.2	**(14.8)**	**(66.3)**	(55.3)
7	Income tax expense	(6.3)	(7.5)	(20.9)	(29.2)
	Profit (loss) for the year	15.5	**(7.3)**	**(45.4)**	(26.1)
8	Employee information				
9	**Earnings per share of DKK 20 (EPS), DKK**				
	Earnings per share			(9)	(5)
	Diluted earnings per share			(9)	(5)
	Attributable to:				
	Equity holders of the parent			(45.4)	(26.1)
				(45.4)	(26.1)

Cash flow statement 2006 *DKKm*

	Parent company		Group	
	2005	2006	2006	2005
Operating activities				
Operating profit (loss)	1.6	(1.5)	(42.1)	(32.8)
Adjustment for non-cash operating items				
Depreciation, amortisation and impairment losses	32.9	48.3	90.3	70.7
Cash flows from operations (operating activities) before working capital changes	34.5	**46.8**	**48.2**	37.9
Working capital changes				
Inventories	10.0	13.3	0.2	14.4
Trade receivables	9.1	17.7	(18.8)	36.7
Other receivables	1.0	5.7	4.8	(1.4)
Intragroup balance	3.3	(9.4)	-	-
Prepayments and deferred income	(0.4)	0.8	8.9	8.7
Trade payables	(19.1)	29.6	38.4	(26.3)
Other current liabilities	32.0	(26.2)	4.9	27.6
Cash flows from operations (operating activities)	70.4	**78.3**	**86.6**	97.6
Interest received, etc.	5.0	3.6	3.8	6.7
Interest paid, etc.	(12.3)	(14.6)	(28.0)	(29.2)
Cash flows from operations (ordinary activities)	63.1	**67.3**	**62.4**	75.1
Income taxes paid, net	(1.4)	6.2	2.9	(11.2)
Cash flows from operating activities	61.7	**73.5**	**65.3**	63.9
Investing activities				
Purchase of intangible assets	(11.7)	(4.7)	(6.4)	(25.3)
Purchase of property, plant and equipment	(17.5)	(12.4)	(22.5)	(38.1)
Investment in financial assets	(54.1)	(25.8)	-	-
Dividends from subsidiaries	14.9	18.6	-	-
Sale of property, plant and equipment	2.8	0.2	2.2	5.7
Cash flows for investing activities	(65.6)	**(24.1)**	**(26.7)**	(57.7)
Cash flows before financing activities	(3.9)	**49.4**	**38.6**	6.2
Financing activities				
Decrease in non-current financial liabilities	(0.5)	(0.7)	(19.5)	(17.8)
Dividends paid	(70.0)	-	-	(70.0)
Cash flows from financing activities	(70.5)	**(0.7)**	**(19.5)**	(87.8)
Net increase (decrease) in cash and cash equivalents	(74.4)	**48.7**	**19.1**	(81.6)
Net cash and cash equivalents at 1.1.	(93.5)	(167.9)	(176.3)	(94.8)
Value adjustments of cash and cash equivalents at 1.1.	-	-	0.2	0.1
Net cash and cash equivalents at 31.12.	(167.9)	**(119.2)**	**(157.0)**	(176.3)
consisting of:				
Cash and cash equivalents	0.2	0.2	51.1	35.3
Current bank loans	(168.1)	(119.4)	(208.1)	(211.6)
	(167.9)	(119.2)	(157.0)	(176.3)

The figures in the cash flow statement cannot be derived from the other accounting records alone.

Balance sheet at 31 December 2006 *DKKm*

ASSETS

Note		Parent company 2005	Parent company 2006	Group 2006	Group 2005
	Fixed assets				
10	Goodwill	2.6	2.5	55.5	55.7
10	Trade marks and distribution rights	26.3	21.9	38.5	54.8
10	In-process development projects	2.6	3.9	9.2	6.7
	Intangible assets	31.5	**28.3**	**103.2**	117.2
11	Land and buildings	167.2	168.9	237.3	237.4
11	Plant and machinery	100.9	83.8	135.9	167.2
11	Fixtures and fittings, tools and equipment	40.5	27.0	63.5	82.6
11	Property, plant and equipment under construction	-	-	0.8	0.7
	Property, plant and equipment	308.6	**279.7**	**437.5**	487.9
12	Investments in subsidiaries	136.7	151.4	-	-
12	Receivables from subsidiaries	23.9	13.5	-	-
15	Deferred tax	-	0.4	39.0	33.3
	Investments	160.6	**165.3**	**39.0**	33.3
	Total fixed assets	500.7	**473.3**	**579.7**	638.4
	Current assets				
	Raw materials and consumables	26.4	27.1	56.0	48.7
	Work in progress	4.8	4.3	7.9	7.7
	Finished goods and goods for resale	87.3	73.8	185.4	193.1
13	**Inventories**	118.5	**105.2**	**249.3**	249.5
14	Trade receivables	60.4	42.7	289.8	271.0
	Receivables from subsidiaries	60.6	78.2	-	-
	Other receivables	18.1	12.4	38.6	43.4
	Income tax	13.5	1.1	10.2	19.1
	Prepayments	5.3	4.5	8.5	17.7
	Receivables	157.9	**138.9**	**347.1**	351.2
	Cash and cash equivalents	0.2	**0.2**	**51.1**	35.3
	Total current assets	276.6	**244.3**	**647.5**	636.0
	ASSETS	777.3	**717.6**	**1,227.2**	1,274.4

EQUITY AND LIABILITIES

Note		Parent company 2005	Parent company 2006	Group 2006	Group 2005
	Equity				
	Share capital	100.0	100.0	100.0	100.0
	Translation reserve	-	-	12.8	12.1
	Retained earnings	267.3	260.0	329.5	374.9
	Total equity	367.3	**360.0**	**442.3**	487.0
	Non-current liabilities				
16	Bank loans	67.1	66.4	202.0	220.9
15	Deferred tax	45.0	31.6	31.6	57.1
	Total non-current liabilities	112.1	**98.0**	**233.6**	278.0
	Current liabilities				
16	Current portion of non-current financial liabilities	0.6	0.6	16.6	16.9
16	Bank loans	168.1	119.4	208.1	211.6
	Trade payables	48.0	77.6	170.3	131.9
	Payables to consolidated enterprises	15.4	23.6	-	-
	Income tax	-	-	4.9	0.6
	Other payables	65.8	38.4	150.0	146.7
	Deferred income	-	-	1.4	1.7
	Total current liabilities	297.9	**259.6**	**551.3**	509.4
	Total liabilities	410.0	**357.6**	**784.9**	787.4
	EQUITY AND LIABILITIES	777.3	**717.6**	**1,227.2**	1,274.4

Notes:

16 Interest-bearing liabilities

17 Security

18 Lease commitments

19 Contingent liabilities

20 Related parties

21 Financial instruments

22 Non-cash operating items

23 Accounting estimates and judgements

24 New accounting standards

25 Events after the balance sheet date

Statement of changes in equity *DKKm*

	Share capital	Translation reserve	Retained earnings	Proposed dividends	Total
Parent company					
Balance at 1.1.2005	100.0	-	251.8	70.0	421.8
Profit for the year	-	-	15.5	-	15.5
Total income and expense for the year	-	-	15.5	-	15.5
Proposed dividends	-	-	-	-	-
Dividends paid	-	-	-	(70.0)	(70.0)
Total changes in equity	-	-	15.5	(70.0)	(54.5)
Balance at 1.1.2006	100.0	-	267.3	-	367.3
Profit (loss) for the year	-	-	(7.3)	-	(7.3)
Total income and expense for the year	-	-	(7.3)	-	(7.3)
Proposed dividends	-	-	-	-	-
Dividends paid	-	-	-	-	-
Total changes in equity	-	-	(7.3)	-	(7.3)
Balance at 31.12.2006	100.0	-	260.0	-	360.0
Group					
Balance at 1.1.2005	100.0	7.8	401.0	70.0	578.8
Profit (loss) for the year	-	-	(26.1)	-	(26.1)
Foreign exchange adjustments of subsidiaries	-	4.3	-	-	4.3
Total income and expense for the year	-	4.3	(26.1)	-	(21.8)
Proposed dividends	-	-	-	-	-
Dividends paid	-	-	-	(70.0)	(70.0)
Total changes in equity	-	4.3	(26.1)	(70.0)	(91.8)
Balance at 1.1.2006	100.0	12.1	374.9	-	487.0
Profit (loss) for the year	-	-	(45.4)	-	(45.4)
Foreign exchange adjustments of subsidiaries	-	0.7	-	-	0.7
Total income and expense for the year	-	0.7	(45.4)	-	(44.7)
Proposed dividends	-	-	-	-	-
Dividends paid	-	-	-	-	-
Total changes in equity	-	0.7	(45.4)	-	(44.7)
Balance at 31.12.2006	100.0	12.8	329.5	-	442.3

The company's share capital of DKK 100 million is divided into: 500,000 A shares of DKK 100 each and 500,000 B shares of DKK 100 each.

The whole of the share capital is held by Monberg & Thorsen A/S, Copenhagen.
Dyrup A/S and its subsidiaries are included in Monberg & Thorsen A/S's consolidated financial statements.

The financial ratios have been calculated as follows:

Gross margin	Gross profit x 100 / Revenue
Operating margin (EBIT margin)	Operating profit before special items x 100 / Revenue
Pre-tax margin	Profit before tax x 100 / Revenue
Return on invested capital (ROIC)	Operating profit before special items x 100 / Invested capital
Return on equity (ROE)	Profit after tax x 100 / Average equity
Equity ratio	Equity x 100 / Total liabilities
Earnings per share (EPS)	Profit for the year x 100 / Average number of shares of nominally DKK 20
Invested capital	Equity plus interest-bearing debt and goodwill less interest-bearing assets.

Notes *DKKm*

		Parent company		Group	
		2005	2006	2006	2005
1	**Revenue**				
	Denmark	415.6	414.6	414.6	415.6
	France	66.7	58.0	423.4	452.7
	Germany	149.6	161.8	242.6	233.7
	Portugal	13.5	16.6	205.1	204.2
	Other markets	166.1	176.2	374.3	374.4
	Total revenue	811.5	827.2	1,660.0	1,680.6
2	**Depreciation, amortisation and impairment losses**				
	Intangible assets	5.0	7.1	18.6	14.8
	Property, plant and equipment	27.2	41.3	72.6	56.3
	Total depreciation and amortisation	32.2	48.4	91.2	71.1
	Losses and gains on replacement	0.7	(0.1)	(0.9)	(0.4)
	Total deprec., amortisation and impairment losses	32.9	48.3	90.3	70.7
	Depreciation, amortisation and impairment losses are included in:				
	Production costs	11.2	10.5	18.1	21.2
	Distribution costs	13.4	12.6	39.9	38.1
	Administrative expenses	8.3	11.3	14.0	11.4
	Special items - impairment losses	-	13.9	18.3	-
	Total effect on profit for the year	32.9	48.3	90.3	70.7
	Fees paid to auditors appointed at the Annual Genereal Meeting				
	Total fees to auditors for the financial year under review:				
	Ernst & Young	1.3	2.0	4.0	3.8
	of which non-audit fees:	0.1	0.1	0.6	0.6
3	**Other operating income**				
	Rental income	1.8	2.1	3.3	3.1
	Miscellaneous	0.5	-	0.7	2.1
	Total other operating income	2.3	2.1	4.0	5.2
4	**Special items**				
	Sale of trade mark rights in Egypt	-	16.4	16.4	-
	Total special income	-	16.4	16.4	-
	Restructuring costs:				
	Termination benefits	5.2	7.5	18.1	26.8
	Costs in connection with formation of regions and restructuring of market activities	1.6	-	6.0	20.6
	Impairment losses in respect of inventories	-	-	16.3	-
	Impairment losses in respect of fixed assets	-	13.9	18.3	-
	Miscellaneous	1.0	5.0	5.0	1.8
	Total special expenses	7.8	26.4	63.7	49.2
	Total special items	(7.8)	(10.0)	(47.3)	(49.2)
5	**Financial income**				
	Dividends from subsidiaries	14.9	18.6	-	-
	Interest, subsidiaries	2.1	1.1	-	-
	Interest on cash and cash equivalents, etc.	1.5	2.5	3.4	1.9
	Foreign exchange gains	1.4	-	0.4	4.8
	Total financial income	19.9	22.2	3.8	6.7

		Parent company		Group	
		2005	2006	2006	2005
6	**Financial expenses**				
	Impairment losses in respect of investments in subsidiaries	-	20.9	-	-
	Interest, consolidated enterprises	1.6	0.5	-	1.2
	Interest on loans and overdrafts	8.5	11.4	24.7	21.9
	Foreign exchange losses	2.2	2.7	3.3	6.1
	Total financial expenses	12.3	35.5	28.0	29.2
7	**Income tax expense**				
	Current tax on profit for the year	1.2	(0.6)	(1.1)	5.5
	Change in Danish tax rate	(3.1)	-	-	(4.3)
	Change for the year in deferred tax	(5.1)	(7.5)	(24.9)	(36.2)
	Tax reimbursement under joint taxation	(4.6)	-	-	-
	Adjustment of tax for prior years	5.3	0.6	5.1	5.8
	Income tax expense total	(6.3)	(7.5)	(20.9)	(29.2)
	Taxes paid for the year	1.4	(6.2)	(2.9)	11.2

Most companies paid on-account tax during the year.

	Parent company		Group	
Effective tax rate				
Danish tax rate	28%	28%	28%	28%
Change in Danish tax rate	(34%)	-	-	8%
Deviations in foreign enterprises' tax rates	-	-	7%	7%
Non-taxable income and deductible costs	(48%)	(62%)	-	-
Prior year adjustments	(29%)	(11%)	(3%)	6%
Miscellaneous	14%	(6%)	-	4%
Effective tax rate	(69%)	(51%)	32%	53%

		Parent company		Group	
8	**Staff costs**				
	Wages and salaries	152.1	142.6	283.2	299.7
	Pension contributions	10.1	10.5	11.8	11.7
	Social security costs	2.9	2.7	57.1	54.4
	Remuneration to the Executive Board	8.0	2.7	3.3	8.4
	Remuneration to the Supervisory Board	1.0	1.1	1.1	1.0
	Total staff costs	174.1	159.6	356.5	375.2
	Average number of employees	415	388	961	1,045

The company has no pension obligations to the Executive Board. Remuneration to the Executive Board for 2005 includes termination benefit to the former CEO.

		2006	2005
9	**Earnings per share (EPS)**		
	Profit for the year attributable to equity holders of the parent	(45.4)	(26.1)
	Average number of shares of nominally DKK 20	5,000,000	5,000,000
	Earnings per share (EPS), DKK	(9)	(5)
	Diluted earnings per share, DKK	(9)	(5)

The share capital of Dyrup A/S is divided into shares of DKK 100; however, the determination of earnings per share is based on a share denomination of nominally DKK 20, as in the parent company Monberg & Thorsen A/S.

Notes *DKKm*

10 Intangible assets

	Parent company				Group			
	Goodwill	**Trade marks and distribution rights**	**In-process development projects**	**Total**	**Goodwill**	**Trade marks and distribution rights**	**In-process development projects**	**Total**
Cost at 1.1.2005	1.3	64.1	-	65.4	54.3	138.3	-	192.6
Value adjustments	-	-	-	-	0.1	0.3	-	0.4
Additions and improvements	1.3	7.7	2.6	11.6	1.3	17.2	6.7	25.2
Cost at 31.12.2005	2.6	71.8	2.6	77.0	55.7	155.8	6.7	218.2
Amortisation and impairment losses at 1.1.2005	-	40.5	-	40.5	-	86.0	-	86.0
Value adjustments	-	-	-	-	-	0.2	-	0.2
	-	40.5	-	40.5	-	86.2	-	86.2
Amortisation and impairment losses	-	5.0	-	5.0	-	14.8	-	14.8
Amortisation and impairment losses at 31.12.2005	-	45.5	-	45.5	-	101.0	-	101.0
Balance sheet value at 31.12.2005	2.6	26.3	2.6	31.5	55.7	54.8	6.7	117.2
Cost at 1.1.2006	2.6	71.8	2.6	77.0	55.7	155.8	6.7	218.2
Value adjustments	-	-	-	-	(0.1)	(0.1)	-	(0.2)
Additions and improvements	1.2	1.4	2.1	4.7	1.2	1.5	3.7	6.4
Disposals	-	-	0.8	0.8	-	48.3	1.2	49.5
Cost at 31.12.2006	3.8	73.2	3.9	80.9	56.8	108.9	9.2	174.9
Amortisation and impairment losses at 1.1.2006	-	45.5	-	45.5	-	101.0	-	101.0
Value adjustments	-	-	-	-	-	(0.1)	-	(0.1)
Adjustments, additions and disposals	-	-	-	-	-	(47.8)	-	(47.8)
	-	45.5	-	45.5	-	53.1	-	53.1
Amortisation and impairment losses	1.3	5.8	-	7.1	1.3	17.3	-	18.6
Amortisation and impairment losses at 31.12.2006	1.3	51.3	-	52.6	1.3	70.4	-	71.7
Balance sheet value at 31.12.2006	2.5	21.9	3.9	28.3	55.5	38.5	9.2	103.2

The carrying amounts of goodwill and trade marks were tested for impairment at 31 December 2006. The recoverable amount has been determined as the value in use, which is calculated as the present value of the expected future net cash flows from the enterprise and/or the cash-generating units. The net cash flows are calculated on the basis of the approved budget for 2007 and estimates for the years 2008-2011. A discount factor of 7% before tax has been used for calculating the present value. For financial years after the budget period, the cash flows in the latest budget period restated for a growth factor of 0-1.5% in the terminal period have been extrapolated, assuming an expected inflation rate of 2.5%. The growth rate applied does not exceed the average expected long-term growth rate for the markets in question.

The impairment test to recoverable amount of goodwill and trade marks gave rise to impairment losses of DKK 1.3 million.

In-process development projects relate solely to direct expenses for recipe changes, testing, recording and documentation necessitated by the implementation of the VOC and BPD directives. For further details, reference is made to the section on environmental matters on page 12.

11 Property, plant and equipment

	Parent company				
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1.1.2005	216.8	126.2	112.2	51.2	506.4
Additions and improvements	9.6	49.0	10.0	-	68.6
Disposals	0.4	4.8	10.0	51.2	66.4
Cost at 31.12.2005	226.0	170.4	112.2	-	508.6
Depreciation and impairment losses at 1.1.2005	57.4	64.0	63.2	-	184.6
Adjustments, disposals	(0.2)	(5.3)	(6.3)	-	(11.8)
	57.2	58.7	56.9	-	172.8
Depreciation and impairment losses	1.6	10.8	14.8	-	27.2
Depreciation and impairment losses at 31.12.2005	58.8	69.5	71.7	-	200.0
Balance sheet value at 31.12.2005	167.2	100.9	40.5	-	308.6
Cost at 1.1.2006	226.0	170.4	112.2	-	508.6
Additions and improvements	3.5	1.4	7.5	-	12.4
Disposals	-	-	18.7	-	18.7
Cost at 31.12.2006	229.5	171.8	101.0	-	502.3
Depreciation and impairment losses at 1.1.2006	58.8	69.5	71.7	-	200.0
Adjustments, disposals	-	-	(18.7)	-	(18.7)
	58.8	69.5	53.0	-	181.3
Depreciation and impairment losses	1.8	18.5	21.0	-	41.3
Depreciation and impairment losses at 31.12.2006	60.6	88.0	74.0	-	222.6
Balance sheet value at 31.12.2006	168.9	83.8	27.0	-	279.7

The carrying amount of mortgaged properties was DKK 118.7 million (2005: DKK 118.5 million), and the year-end balance amounts to DKK 67.1 million (2005: DKK 67.7 million).

The carrying amount of Danish properties subject to public land assessment amounted to DKK 138.4 million, and the public land assessment value at 1.1. was DKK 144.3 million (2005: carrying amount DKK 136.4 million and public land assessment DKK 141.0 million).

The carrying amount of properties abroad was DKK 30.5 million (2005: DKK 30.8 million).

Notes DKKm

11 Property, plant and equipment

- continued

	Group				
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1.1.2005	300.2	291.7	228.4	53.3	873.6
Value adjustments	0.8	3.0	0.8	-	4.6
Additions and improvements	12.5	58.3	13.2	0.7	84.7
Disposals	0.5	10.0	15.5	53.3	79.3
Cost at 31.12.2005	313.0	343.0	226.9	0.7	883.6
Depreciation/impairment losses at 1.1.2005	71.7	159.5	133.8	-	365.0
Value adjustments	0.8	1.4	0.7	-	2.9
Adjustments, disposals	(0.1)	(10.9)	(17.5)	-	(28.5)
	72.4	150.0	117.0	-	339.4
Depreciation and impairment losses	3.2	25.8	27.3	-	56.3
Depreciation/impairment losses at 31.12.2005	75.6	175.8	144.3	-	395.7
Balance sheet value at 31.12.2005	237.4	167.2	82.6	0.7	487.9
Cost at 1.1.2006	313.0	343.0	226.9	0.7	883.6
Value adjustments	-	0.2	(0.1)	-	0.1
Reclassifications	-	(9.4)	9.4	-	-
Additions and improvements	3.8	6.1	13.2	0.1	23.2
Disposals	-	5.3	24.4	-	29.7
Cost at 31.12.2006	316.8	334.6	225.0	0.8	877.2
Depreciation and impairment losses at 1.1.2006	75.6	175.8	144.3	-	395.7
Value adjustments	-	-	(0.1)	-	(0.1)
Reclassifications	-	(1.7)	1.7	-	-
Adjustments, disposals	-	(4.7)	(23.8)	-	(28.5)
	75.6	169.4	122.1	-	367.1
Depreciation and impairment losses	3.9	29.3	39.4	-	72.6
Depreciation/impairment losses at 31.12.2006	79.5	198.7	161.5	-	439.7
Balance sheet value at 31.12.2006	237.3	135.9	63.5	0.8	437.5

Reclassifications have been made between the various asset groups. This has not had any effect on the financial statements. In addition, the carrying amounts of the fixed assets has been reviewed, including especially the tinting machines. This has led to the recognition of impairment losses totalling approx. DKK 18 million in respect of the fixed assets.

For Danish properties subject to public land assessment the carrying amount was DKK 138.4 million and the public land assessment value at 1.1. was DKK 144.3 million (2005: carrying amount DKK 136.4 million and public land assessment value DKK 141.0 million).

The carrying amount of properties abroad was DKK 98.9 million (2005: DKK 101.0 million).

12 Investments

	Parent company		
	Investments in subsidiaries	Receivables from subsidiaries	Total
Cost at 1.1.2005	89.9	25.8	115.7
Additions	49.0	7.3	56.3
Disposals	2.2	-	2.2
Cost at 31.12.2005	136.7	33.1	169.8
Revaluation and impairment losses at 1.1.2005	-	9.2	9.2
Revaluation/impairment losses at 31.12.2005	-	9.2	9.2
Balance sheet value at 31.12.2005	136.7	23.9	160.6
Cost at 1.1.2006	136.7	33.1	169.8
Additions	35.6	-	35.6
Disposals	-	10.4	10.4
Cost at 31.12.2006	172.3	22.7	195.0
Impairment losses at 1.1.2006	-	9.2	9.2
Impairment losses	20.9	-	20.9
Revaluation/impairment losses at 31.12.2006	20.9	9.2	30.1
Balance sheet value at 31.12.2006	151.4	13.5	164.9

Investments in subsidiaries were written down by DKK 20.9 million to recoverable amount in 2006. Impairment losses for the year are recognised under financial expenses, cf. note 6.

The impairment loss relates to Dyrup NV, Belgium; Dyrup Färg AB, Sweden; and Dyrup GmbH, Austria.

A list of the consolidated enterprises is given on page 33.

Notes DKKm

	Parent company 2005	Parent company 2006	Group 2006	Group 2005
13 Inventories				
Cost at 1.1.	135.9	126.5	285.5	291.4
Value adjustments at 1.1./31.12.	-	-	-	1.2
Additions and disposals, net	(9.4)	1.1	30.9	(7.1)
Cost at 31.12	126.5	127.6	316.4	285.5
Adjustments at 1.1.	4.2	8.0	36.0	27.5
Value adjustments at 1.1./31.12.	-	-	-	0.1
Impairment losses	3.8	14.4	39.8	12.6
Reversal of impairment losses	-	-	(8.7)	(4.2)
Adjustments at 31.12.	8.0	22.4	67.1	36.0
Balance sheet value at 31.12	118.5	105.2	249.3	249.5
Value of inventories determined at net realisable value	0.6	-	2.2	7.2

The increase in impairment losses in both the parent company and the Group reflects, among other things, winding up of loss-making activities, primarily paint products in the DIY markets in France and Germany. To this should be added the effect of an initiated product rationalisation.

14 Receivables

No receivable fall due more than one year after the balance sheet date

	Parent company 2005	Parent company 2006	Group 2006	Group 2005
Impairment losses recognised in receivables	14.5	13.8	56.9	62.7

The fair value of receivables is deemed to correspond to the carrying amount.

	Parent company 2005	Parent company 2006	Group 2006	Group 2005
15 Deferred tax liabilities and assets				
Deferred tax at 1.1.	53.2	45.0	23.8	64.3
Change in deferred tax relating to profit for the year	(8.2)	(13.8)	(31.2)	(40.5)
Deferred tax at 31.12.	45.0	31.2	(7.4)	23.8

Breakdown of deferred tax

Parent company	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax, net**
Deferred tax at 31.12.2005			
Intangible assets	-	4.9	4.9
Property, plant and equipment	-	39.4	39.4
Current assets	-	0.7	0.7
Balance sheet value at 31.12.2005	-	45.0	45.0
Deferred tax at 31.12.2006			
Intangible assets	-	4.2	4.2
Property, plant and equipment	-	27.4	27.4
Current assets	0.4	-	(0.4)
Balance sheet value at 31.12.2006	0.4	31.6	31.2

Group	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax, net**
Deferred tax at 31.12.2005			
Intangible assets	-	10.9	10.9
Property, plant and equipment	5.5	54.7	49.2
Current assets	18.2	6.7	(11.5)
Tax base of tax losses, net	51.5	-	(51.5)
Non-capitalised tax assets	(26.7)	-	26.7
Deferred tax liabilities and assets	48.5	72.3	23.8
Set-off within legal tax entities and jurisdictions	(15.2)	(15.2)	-
Balance sheet value at 31.12.2005	33.3	57.1	23.8
Deferred tax at 31.12.2006			
Intangible assets	-	9.9	9.9
Property, plant and equipment	10.9	38.2	27.3
Current assets	12.5	0.1	(12.4)
Tax base of tax losses, net	62.3	-	(62.3)
Non-capitalised tax assets	(30.1)	-	30.1
Deferred tax liabilities and assets	55.6	48.2	(7.4)
Set-off within legal tax entities and jurisdictions	(16.6)	(16.6)	-
Balance sheet value at 31.12.2006	39.0	31.6	(7.4)

	Parent company		Group	
	2005	2006	2006	2005

16 Interest-bearing liabilities

Total interest-bearing liabilities can be broken down by commitment type as follows:

	2005	2006	2006	2005
Bank loans, etc.	235.8	186.4	426.7	449.4
Consolidated enterprises	13.5	12.2	-	-
Total	249.3	198.6	426.7	449.4

Total interest-bearing liabilities can be broken down by the following currencies:

	2005	2006	2006	2005
DKK	227.9	178.4	166.3	215.0
NOK	-	-	0.7	-
EUR	21.4	20.2	259.7	234.4
Total	249.3	198.6	426.7	449.4

Total interest-bearing liabilities can be broken down by fixed-rate and floating-rate debt as follows:

	2005	2006	2006	2005
Fixed-rate debt	67.7	67.0	218.6	237.8
Floating-rate debt	181.6	131.6	208.1	211.6
Total	249.3	198.6	426.7	449.4

Total interest-bearing liabilities can be broken down by effective interest rate as follows:

	2005	2006	2006	2005
Less than 5%	202.4	151.7	379.8	402.5
Between 5 and 7%	46.9	46.9	46.9	46.9
Carrying amount	249.3	198.6	426.7	449.4
Weighted average effective interest rate (%)	3.5	4.6	4.4	4.5
Weighted average remaining term (years)	2.2	3.2	2.5	3.1

Interest-bearing liabilities are recognised in the balance sheet as follows:

	2005	2006	2006	2005
Non-current liabilities	67.1	66.4	202.0	220.9
Current liabilities	182.2	132.2	224.7	228.5
Total	249.3	198.6	426.7	449.4

The maturity profile can be broken down as follows:

	2005	2006	2006	2005
Less than one year	182.2	132.2	224.7	228.5
Between one and two years	47.5	0.7	84.6	63.9
Between two and five years	2.1	49.0	100.7	138.7
More than five years	17.5	16.7	16.7	18.3
Total	249.3	198.6	426.7	449.4

The fair value of the interest-bearing liabilities corresponds largely to the carrying amount of the year-end balance.

17 Security

Guarantees have been provided relating to:

	2005	2006	2006	2005
Subsidiaries	114.8	114.8	-	-
Customers	0.8	0.8	0.8	0.8
Total	115.6	115.6	0.8	0.8

In addition, land and buildings have been lodged as security for mortgage loans, bank loans, etc., see note 11.

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	Parent company		Group	
	2005	2006	2006	2005

18 Lease commitments

Operating leases

Total future minimum lease payments:

	2005	2006	2006	2005
Due within one year	7.6	8.3	11.8	13.6
Due between two and five years	8.3	10.7	22.5	21.2
Due after more than five years	-	2.5	2.5	-
Total	15.9	21.5	36.8	34.8
Lease payments under operating leases recognised in the income statement:	11.1	11.9	15.9	16.0

The Group's operating leases relate primarily to vehicles, operatingequipment and leased premises.

19 Contingent liabilities

Indemnities

In accordance with normal practice, the parent company has issued indemnities in respect of a few subsidiaries.

Litigation

The Dyrup Group is involved in various legal and arbitration proceedings. In management's opinion, the outcome of these proceedings is not expected to have any adverse impact on the Group's financial position.

20 Related parties

The Group has a controlling related party relationship with the parent company Monberg & Thorsen A/S.

Related parties with significant influence comprise the members of the company's Supervisory Board and Executive Board.

Related parties also include subsidiaries in which Dyrup A/S has control or significant influence. A list of consolidated enterprises is given on page 33.

Apart from intragroup transactions that have been eliminated in the consolidated financial statements, and normal management remuneration, no transactions have been effected during the year with major shareholders, members of the Supervisory Board or Executive Board or other related parties. Remuneration to the Supervisory Board and Executive Board is disclosed in note 8. In addition to this, remuneration of DKK 0.2 million was paid to the Deputy Chairman of the Supervisory Board.

Transactions with related parties are based on arm's length terms.

Intragroup transactions between the parent company and the other consolidated enterprises can be broken down as follows:

	2005	2006
Sale of goods and services with group enterprises	319.7	332.9

Transactions between consolidated enterprises have been eliminated in the consolidated financial statements.

The parent company's balances with subsidiaries at 31 December are disclosed in the balance sheet and relate primarily to ordinary business-related balances concerning purchases and sales of goods and services. The balances are non-interest bearing and are entered into on the same terms as apply to the parent company's other customers and suppliers.

The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 5 and 6.

Notes *DKKm*

21 Financial instruments

For a general description of financial risks, including currency, interest rate and credit risks as well as the Group's policy in these areas, reference is made to Risk factors in the management's review on page 14.

Derivative financial instruments

The Group makes limited use of forward exchange contracts to hedge contractual and budgeted cash flows. Changes in the value of derivative financial instruments are recognised in the income statement under financial income and expenses as they arise, as they do not qualify for hedge accounting.

At 31.12.2006 and at 31.12.2005 the Group had not entered into any forward contracts or other derivative financial instruments.

	Parent company		Group	
	2005	2006	2006	2005
22 Non-cash operating items				
Depreciation and impairment losses, property, plant and equipment	32.2	48.4	91.2	71.1
Adjustments of deferred tax	(8.2)	(13.8)	(31.2)	(46.5)
Other adjustments	3.8	18.9	30.4	8.5
Total	27.8	53.5	90.4	33.1

23 Accounting estimates and judgements

Estimation uncertainty

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of future eventson the carrying amounts of those assets and liabilities at the balance sheet date. Estimates that are material for the financial reporting relate primarily to measurement of intangible assets, property, plant and equipment, inventories and deferred tax assets.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates. Special risks for the Group are disclosed in the management's review under the section on Risk factors on page 14.

Basis for management's judgements

As part of the application of the Group's accounting policies, management makes assessments, in addition to estimates, that may have material effect on the amounts recognised in the financial statements.

The judgements that have the greatest effect on the amounts recognised in the financial statements relate primarily to intangible assets, property, plant and equipment, inventories and deferred tax assets.

In management's opinion, no judgements have been made in connection with the accounting policies in the financial reporting for 2006 with comparative figures for 2005, apart from the accounting estimates referred to above, that have a material effect on the financial reporting.

24 New accounting standards

The IASB and the EU have adopted the following new accounting standards and interpretations that are not mandatory for Dyrup in connection with the preparation of the annual report for 2006:

IFRS 7 "Financial Instruments"
IFRS 8 "Operating Segments" (yet to be approved by the EU)
IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies"
IFRIC 8 "Scope of IFRS 2"
IFRIC 9 "Reassessment of Embedded Derivatives"
IFRIC 10 "Interim Financial Reporting and Impairment" (yet to be adopted by the EU)
IFRIC 11 "Group and Treasury Share Transactions" (yet to be adopted the EU)

IFRIC 12 "Service Concession Arrangements" (yet to be adopted by the EU)

None of these new accounting standards and interpretations is expected to have any effect on the financial reporting of Dyrup A/S in or after 2007, apart from the fact that additional supplementary information may have to be given in the financial statements.

25 Events after the balance sheet date

So far as management is aware, no events have occurred between 31 December 2006 and the date of signing of the annual report which will have a material effect on the Dyrup Group's financial position at 31.12.06, apart from what is included and mentioned in the annual report.

Group diagram

Dyrup A/S
Capital: DKK 100,0 milion.

- **Dyrup S.A.S., France** — Capital: EUR 4,0 milion. Ownership: 100%
- **Dyrup GmbH, Germany** — Capital: EUR 0,5 milion. Ownership: 100%
- **Dyrup NV, Belgium** — Capital: EUR 0,8 milion. Ownership: 100%
- **Dyrup Sp. z o.o., Poland** — Capital: PLN 4,9 milion. Ownership: 100%
- **Dyrup Färg AB, Sweden** — Capital: SEK 0,6 milion. Ownership: 100%
- **Tintas Dyrup, S.A., Portugal** — Capital: EUR 2,6 milion. Ownership: 100%
- **Pinturas Dyrup, S.A., Spain** — Capital: EUR 0,3 milion. Ownership: 100%
- **Dyrup GmbH, Austria** — Capital: EUR 0,2 milion. Ownership: 100%
- **Dyrup AS, Norway** — Capital: NOK 0,7 milion. Ownership: 100%
- **Various small or dormant public and private limited companies** — Ownership: 100%

Company addresses

Denmark
Dyrup A/S
Gladsaxevej 300
DK-2860 Søborg
Tel: +45 39 57 93 00
Fax: +45 39 57 93 93

Dyrup A/S
Birkemosevej 1
DK-6000 Kolding
Tel: +45 76 34 15 00
Fax: +45 76 34 15 01

Belgium
Dyrup NV
Lange Lozanastraat 270
B-2018 Antwerpen

France
Dyrup S.A.S.
101 Avenue de la Châtaigneraie
B.P. 50 605
F-92506 Rueil Malmaison Cedex
Tel: +33 1 56 84 03 00
Fax: +33 1 56 84 03 83

Dyrup S.A.S.
Zone Industrielle
Saint-Antoine
F-81030 Albi Cedex 9
Tel: +33 5 63 78 20 10
Fax: +33 5 63 45 20 30

Norway
Dyrup AS
Trollåsveien 8
N-1414 Trollåsen
Tel: +47 66 81 38 80
Fax: +47 66 80 87 80

Poland
Dyrup Sp. z o.o.
ul. Dabrowskiego 238
PL-93-231 Lódz
Tel: +48 42 649 29 39
Fax: +48 42 649 26 66

Portugal
Tintas Dyrup, S.A.
Rua Cidade de Goa, 26
P-2686-951 Sacavém
Tel: +351 21 841 02 00
Fax: +351 21 941 45 82

Spain
Pinturas Dyrup, S.A.
Polígono Industrial Santiga
Plà dels Avellaners, 4
E-08210 Barberà del Vallés
Barcelona
Tel: +34 93 729 30 00
Fax: +34 93 729 20 22

Sweden
Dyrup Färg AB
Älggatan 2
Box 230
S-574 23 Vetlanda

Germany
Dyrup GmbH
Klosterhofweg 64
D-41199 Mönchengladbach
Tel: +49 2166 964 6
Fax: +49 2166 964 700

Austria
Dyrup GmbH
Wienerbergstraße 11/12
A-1100 Wien

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