Announcement no. 2/2007

STOCK EXCHANGE ANNOUNCEMENT

Dantherm A/S
CVR no. 30 21 43 15

Annual report 2006 of Dantherm A/S

Today, the Board of Directors of Dantherm A/S discussed and approved the annual report 2006 of Dantherm A/S.

The year can briefly be summarised in the following way:

- Revenue amounted to DKK 2,958m against DKK 2,896m last year.

- Operating profit (EBIT) totalled DKK 10m against DKK 77m last year.

- Results before tax showed a loss of DKK 29m against a profit before tax of DKK 73m in 2005.

- Results after tax showed a loss of DKK 5m against a profit of DKK 61m last year.

- Revenue and results before tax met the most recently announced outlook from November 2006 in which the management estimated revenue to be between DKK 2,900m and DKK 3,000m and results to show a loss before tax of DKK 25-35m.

- The earnings performance for 2006 was unsatisfactory and worse than expected within the group's three business segments.

- Within the Products for air handling business segment, the operating profit was DKK 21m against DKK 71m in 2005. The main reasons for the negative development were low sales and low contribution ratios in the first half, increasing raw material prices, low sales of products to the defence sector as well as the rising costs of introducing new products.

- Within the Comfort ventilation & engineering business segment, the group realised an operating loss of DKK 29m in 2006 against an operating loss of DKK 71m in 2005, which was, however, affected by an impairment of goodwill of DKK 40m. The loss posted in 2006 was caused by a restructuring of Glenco, among other things, leading to changes in the organisation, a heavy reduction in the water, heating and sanitation activities and a reorganisation of the ventilation and electricity department in Eastern Denmark.

- Within the Process ventilation business segment, the operating profit was DKK 23m against DKK 84m in 2005, which was, however, positively affected by non-recurring items of DKK 38m. The primary reason for the negative development in 2006 was a restructuring of the activities in France – a restructuring process which included the merger of two factories and the dismissal of several employees. The subsidiary in the USA also saw a decline in sales which prevented it from achieving the expected results. The development in the other markets was satisfactory.

- Cash flows for the year from operating activities were positive in the amount of DKK 33m against a corresponding negative cash flow of DKK 44m last year.

- In 2006, the price of Dantherm A/S' shares fell from 128.18 as at 31 December 2005 to 104.30 as at 31 December 2006.

- The company's share capital was DKK 359,528,700 as at 31 December 2006. 7,190,574 shares with a nominal value of DKK 50 were registered.

- In 2006, costs were incurred and initiatives were implemented in order to prepare the group for positive developments in future. This includes costs for the restructuring of Glenco and the French subsidiary within the Process ventilation business segment, expansion of production facilities in China and the USA and a continued focus on the development of products utilising the fuel cell technology.

- In 2007, the management expects group revenue in the range DKK 3,000-3,100m and a profit before tax in the range DKK 20-50m.

- The group maintains the following different EBIT objectives for the three business segments:

- Products for air handling	7-9 per cent
- Comfort ventilation & engineering	3-5 per cent
- Process ventilation	6-8 per cent

- Given the fact that the group's results after tax are negative and that the company's target for an equity interest of 30 per cent for the group has not been met, the Board of Directors will propose to the annual general meeting that no dividend be paid.

- The annual general meeting will be held on Wednesday 11 April 2007 at 3 pm at the premises of the subsidiary Dantherm Air Handling A/S, Marienlystvej 65, Skive, Denmark.

The complete annual report is enclosed with this stock exchange announcement and is available at Dantherm A/S' website, www.dantherm.com.

The company expects to send its annual report 2006 in brief to all registered shareholders in the week beginning 26 March 2007. The annual report is also available at www.dantherm.com.

The annual report 2006 is presented today in a webcast which can be viewed from 11 am at the Copenhagen Stock Exchange's website, http://webcast.zoomvision.se/denmark/clients/dantherm/070322/ or at the company's own website, www.dantherm.com.

Any queries about this stock exchange announcement can be directed to President and CEO Poul Arne Jensen on tel. +45 99 14 90 10.

Kind regards,
Dantherm A/S

Skive, 22 March 2007

Walther V. Paulsen
Chairman of the Board of Directors

Poul Arne Jensen
President and CEO

Dantherm®

Annual Report 2006

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Dantherm group profile

Business foundation
The Dantherm group is an important international player on the global market for industrial air handling. Dantherm offers products, solutions, installation and service based on a simple and strong mission – "Clean air for people" – which unites all the group's companies worldwide.

Business segments
The Dantherm group operates within three business segments:

Products for air handling
Development, production and servicing of products and control technology for industrial air handling. Our primary products and solutions include dehumidifiers, ventilation systems, hot-air aggregates, air-conditioning equipment for mobile telephone stations and mobile air handling equipment.

Comfort ventilation & engineering
Planning, technical installations and services for the construction industry. The companies in this business segment carry out work within all areas of technical installation, including electricity, ventilation, sprinkling, cooling, heating, water and sanitation and related services.

Process ventilation
Project development, production, installation and services for industrial companies. The companies in this business segment deliver products and complete solutions for air cleaning, including pipes, filters and fans for the protection of both the production environment and the external environment.

Market position
The group has factories and sales companies in several Western and Eastern European countries as well as in the USA and Asia. Within the Products for air handling business segment, the group is a leading global supplier of OEM products for the telecommunications sector as well as a leading European supplier within the Process ventilation business segment. Within the Comfort ventilation & engineering business segment the group is among the three leading suppliers in Denmark with competences within all technical areas.

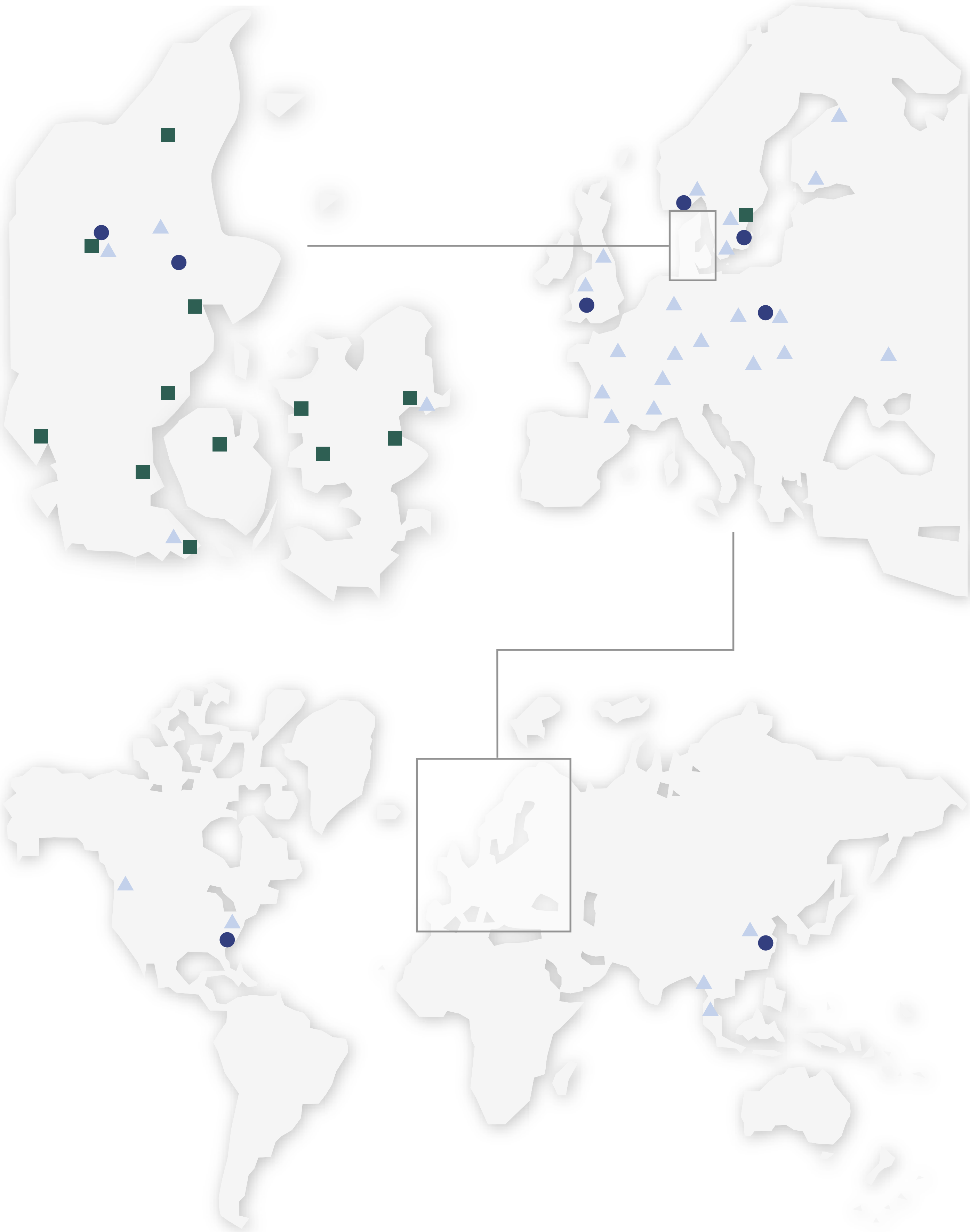
Primary customer groups
The Dantherm group mainly sells its products and solutions to providers of telecommunications networks, to the construction sector and to companies in the process industry. Almost two-thirds of the group's sales take place to customers outside Denmark.

Strategy
The Dantherm group wants to develop existing and new business segments within industrial air handling through organic and acquisitive growth. Through this growth, the group aims to supplement its current product programme, spread risk and realise synergies.

Financial highlights for the group

DKK '000	2002 1)	2003	2004 2)	2005 2)	2006 2)
KEY FIGURES					
Income statement:					
Revenue	962,803	1,378,032	1,461,793	2,895,694	2,958,402
Earnings before depreciation etc. (EBITDA)	38,903	133,476	102,676	147,295	67,353
Earnings before amortisation of goodwill (EBITA)	17,616	95,484	76,871	116,644	10,020
Amortisation/impairment loss relating to goodwill	4,083	11,121	0	40,000	0
Operating profit (EBIT)	13,533	84,363	76,871	76,644	10,020
Result of net financials 3)	-6,078	-39,389	-19,316	-3,609	-38,932
Profit/loss before tax	7,455	44,974	57,555	73,035	-28,912
The group's share of the profit/loss for the year	4,472	16,350	33,377	59,426	-4,977
Balance sheet at year-end:					
Balance sheet total	901,885	849,673	1,020,584	1,794,057	1,866,702
Equity	345,702	362,298	410,018	525,208	511,249
Invested capital	502,270	492,962	638,011	1,025,201	1,081,635
Cash flows:					
Cash flow from operating activities	3,542	79,590	94,346	-43,595	32,556
Cash flow from investing activities	-21,425	-35,935	-79,102	-236,556	-60,234
– acquisitions of subsidiaries and activities	0	0	-75,087	-190,196	-8,394
– acquisitions of property, plant and equipment	-17,107	-16,044	-36,586	-56,167	-60,851
Cash flow from financing activities	-44,308	-18,907	18,233	91,317	-65,043
RATIOS					
Financial ratios:					
Growth rate	36.0%	43.1%	6.1%	98.1%	2.2%
Profit margin	1.4%	6.1%	5.3%	2.6%	0.3%
Return on invested capital	6.4%	19.2%	13.6%	14.0%	1.0%
Equity interest	38.3%	42.6%	38.5%	28.2%	26.3%
Average number of employees	1,130	1,153	1,278	2,816	3,100
Share-related ratios:					
Earnings per share (EPS)	1.03	2.45	5.05	8.31	-0.69
Cash flow per share	-14.35	3.71	5.07	-26.41	-12.92
Dividend per share	0.00	0.75	0.90	0.90	0.00
Equity value at year-end	51.9	54.3	58.9	70.4	68.4
Share price at year-end	62.0	63.0	88.9	128.2	104.3
Price/equity value at year-end	1.23	1.16	1.51	1.82	1.52
Price/Earnings (P/E)	60.08	25.69	17.75	14.94	-
Number of shares of DKK 50 each at year-end ('000)	6,667	6,667	6,667	7,191	7,191

1) Until 30 June 2002, the figures solely comprise Dansk Industri Invest A/S.
2) The financial highlights for 2004, 2005 and 2006 comply with the International Financial Reporting Standards (IFRS). In accordance with IFRS 1, the figures for 2002-2003 are prepared according to previous accounting policies based on the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) and Danish accounting standards.
3) Financial items include a value adjustment of shares in Royal Scandinavia A/S.
The ratios are prepared in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2005".
We also refer to the ratio definitions on page 53.



Products for air handling **Comfort ventilation & engineering** **Process ventilation**

Company structure at 31 December 2006

- Dantherm A/S (DK)
  - (100%) Dantherm Air Handling A/S (DK)
    - (100%) Dantherm Air Handling Inc. (US)
    - (100%) Dantherm Air Handling (Suzhou) Co. Ltd. (CN)
    - (100%) Dantherm HMS Sp.z.oo (PO)
    - (100%) Dantherm Air Handling AS (NO)
    - (100%) Dantherm Air Handling Ltd. (GB)
    - (100%) Kontrollelektronik AB (SE)
  - (100%) ERO A/S (DK)
    - (67%) Stelectric A/S (DK)
      - (60%) T&O Stelectric A/S (DK)
        - (100%) T&O Stelectric Development A/S (DK)
  - (100%) Glenco A/S (DK)
    - (100%) A/S Venair (DK)
    - (100%) AB Venair (SE)
  - (100%) Dantherm Filtration Holding A/S (DK)
    - (100%) Dantherm Filtration A/S (DK)
      - (100%) OY Dantherm Filtration (FI)
    - (100%) Dantherm Filtration SAS (FR)
    - (100%) Dantherm Filtration GmbH (DE)
    - (100%) Dantherm Filtration Sp.z.o.o. (PO)
    - (100%) Dantherm Filtration Ltd. (GB)
    - (100%) Dantherm Filtration Inc. (US)
    - (100%) Dantherm Filtration Co. Ltd. (TH)
    - (100%) Dantherm Filtration AB (SE)
    - (100%) Dantherm Filtration (Suzhou) Co. Ltd. (CN)
  - (23.2%) Investeringsselskabet RS ApS (DK)
    - (29.6%) Royal Scandinavia Invest a.s (DK)
      - (99.6%) Royal Scandinavia A/S (DK)

Signatures:

- Products for air handling
- Comfort ventilation & engineering
- Process ventilation

The following companies have no activites – and are not included in the list:

Dantherm GmbH (DE)
Dantherm Filtration Nordfab APC (Malaysia) Sdn. Bhd.
Dantherm Filtration AS (NO)
Glenco Ejendomme A/S (DK)

Management's review

A year with many challenges
The many acquisitions made by the Dantherm group in recent years presented us with a number of challenges in 2006. The same was true of several new activities in the acquired companies. The main problems lay in the Comfort ventilation & engineering business segment, but the two other business segments in the Dantherm group also had a troubled year – particularly in the first half. The management then carried out a number of reorganisations in many of the group's companies, resulting in a positive development in the second half. However, overall the result for 2006 is unsatisfactory.

We believe that the group has a favourable starting point for 2007, allowing us to implement our plans for growth in the coming years. This applies especially to the global business segments where growth is mainly expected to occur in Eastern Europe and the Far East. We also make regular assessments of whether the group's overall business concept is as good as it can be.

Profit/loss for 2006
In 2006, the company had to carry out a number of restructurings which resulted in additional costs. At the same time, the contribution ratios achieved – particularly within the Products for air handling segment – were lower than in previous years and also lower than expected.

The total revenue of DKK 2,958m and a pre-tax loss of DKK 29m are clearly unsatisfactory when viewed separately. The result is significantly affected by the above and by increasing material costs. Particularly in connection with the sale of OEM products, which accounts for approx. 20 per cent of the group's revenue, it was difficult to make corresponding price adjustments since the group is often committed by binding annual agreements in this area.

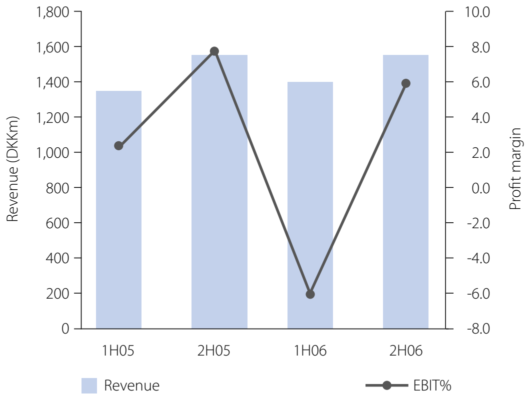
However, there were also bright spots in connection with the activities in 2006, particularly in terms of our focus on the markets in the Far East. Our activities in China, which have demanded heavy investments in the market since the start in 2001, now seem to be yielding highly satisfactory results. We expect this development to continue in the coming years. The markets in Eastern Europe – particularly within Process ventilation – have also developed positively with revenue and earnings increasing in the group companies which have activities in this segment.

Most recently announced outlook met
Revenue in the Dantherm group was DKK 2,958m in 2006 compared to DKK 2,896m the year before. The modest growth in revenue of 2.2 per cent applies to all the three business segments. The group's total revenue meets the announced outlook.

The Dantherm group saw a pre-tax loss of DKK 29m compared to a profit before tax in 2005 of DKK 73m. The result is within the interval stated in the group's interim report for the third quarter 2006.

The unsatisfactory development in the result had not been anticipated at the beginning of the year when we expected the level of activity to be 5-9 per cent above the 2005 level. But as the level of activity was unexpectedly low in the first half of 2006, in June we had to revise our expectations for the revenue for the year and the profit before tax. As anticipated, the second half showed an improvement in the level of activity, but the earnings were unable to match the level on which the previous forecasts were based. This meant that we had to further lower our expectations for the profit for the year before tax in November.

The Dantherm group
Revenue and profit margin for each half in the years 2005 and 2006



During 2006, the company implemented a number of measures to ensure more accurate forecasts. However, as a subsupplier to the OEM market where the horizon from the time the order is placed to when delivery takes place is very short, large positive and negative deviations may occur. A considerable part of the group's revenue also comes from project sales. For this reason and due to the influence of the economic situation, the forecasts will always be subject to some uncertainty.

Expected and realised revenue and profit/loss before tax 2006:

(DKKm)	Revenue	Profit/loss before tax
Outlook March 2006	3,050 to 3,150	60 to 90
Outlook June 2006	2,900 to 3,000	Around 0
Outlook November 2006	2,900 to 3,000	-25 to -35
Realised 2006	2,958	-29

There are four main reasons for the disappointing development in results before tax:

1. A lower level of activity and a change in the composition of product groups resulted in a lower contribution margin. In the Products for air handling business segment, the running-in of new products, particularly within ventilation, was more extensive and expensive than anticipated.

2. After a very unsatisfactory result in 2005, the company implemented a number of streamlining and management measures in Glenco A/S in 2006. This resulted in costs related to restructuring and the discontinuation of problematic projects, particularly within water, heating and sanitation and automation.

3. Within the Process ventilation business segment, the company in France has been marked by a low level of activity and by the merger of the two factories. The resulting costs have been higher than anticipated. In the USA, sales to the wood industry failed in 2006.

4. Increasing raw materials prices have led to increasing costs in the Dantherm group – increases that we have only partially been able to pass on to our customers.

Continuing the integration process
The challenging task of integrating the new business segments acquired in 2005 continued in 2006. However, we believe that this part of the integration process is now complete, and strategically the group is ready to continue its growth through the development of new products and markets in the coming years. Considering the group's solvency policy, this development will have to take place at a pace which allows us to meet the minimum requirement for a solvency ratio of 30 per cent by maintaining, among other things, a strong focus on the development of the balance sheet, mainly regarding inventory levels and the financing of work in progress.

The future of the Dantherm group
In future, the Dantherm group will focus on efficiency and choosing the best possible production conditions. This focus is not least the result of the global competition and the group's global position within production and sales. We therefore want to exploit the opportunities created by our position in Eastern Europe and China, which offer favourable production terms. At the same time, we will work to strengthen our market position on the developing markets and on existing markets by carrying out

focused product development within the different business segments.

Our previous target of an EBIT of 6-8 per cent for the group as a whole will continue to stand in the coming years. However, due to the diverse nature of the group's business segments, we want to focus more on return of invested capital in future and not least on cash flow. This will be crucial to our investment opportunities where we still want to participate in a necessary consolidation in the various business segments where the Dantherm group operates.

Outlook for 2007

In 2007, we expect group revenue in the range DKK 3,000-3,100m and a profit before tax in the range DKK 20-50m. On a more general level, we also plan to restructure or, if necessary, close down all departments or product areas in 2007 which are not sufficiently profitable and which do not have any strategic importance. Our objective for revenue in the outlook for 2007 is therefore relatively conservative, just as the profit before tax reflects the reconstruction process we underwent in 2006.

The above statements on future conditions, including expectations for the development in revenue and profit before tax, reflect the management's current expectations. Many factors, of which some will be beyond the management's control, may result in the actual development deviating significantly from expectations. These factors have been described in the section on risk assessment in the annual report and elsewhere. The group is a major subsupplier to the OEM market which has a very short time horizon for the placing of orders from customers. A considerable part of the group's revenue also comes from project sales. For this reason and due to the influence of the economic situation, the forecasts will always be subject to some uncertainty.

Strategy and targets

The group has previously announced a revenue target of DKK 3,500-4,000m and EBIT of 6-8 per cent in 2008-2009.

In the light of the development in 2006 and the effect this is expected to have on the coming years, the management estimates that it will not be able to meet the previously announced targets as early as in 2008-2009.

Due to differences in capital needs, the group still maintains different EBIT targets for the three business segments:

– Products for air handling	7-9 per cent
– Comfort ventilation & engineering	3-5 per cent
– Process ventilation	6-8 per cent

The targets are based on organic growth through innovation, increased sales efforts and establishment on new markets. Company acquisitions will still continue to form part of the group's strategy.

Business segments

Products for air handling

The Products for air handling business segment comprises the companies in the Dantherm Air Handling group and T&O Stelectric A/S.

Within this business segment, the group achieved a revenue of DKK 902.1m in 2006, corresponding to a growth of 2.6 per cent compared to a revenue of DKK 879.2m in 2005. The total figure includes differences between the individual product areas.

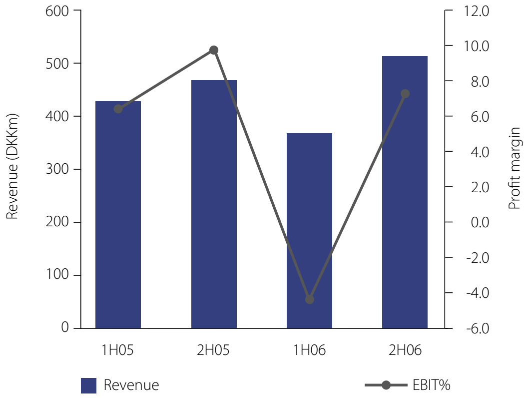
The operating profit was DKK 20,7m in 2006, a drop of more than 70 per cent compared to 2005. The development in results and the result for 2006 are not satisfactory.

	2004	2005	2006
Revenue	820.4	879.2	902.1
Operating profit/EBIT	85.7	70.8	20.7
Profit margin	10.4%	8.1%	2.3%

Products for air handling, which is the Dantherm group's traditional product area, had difficulty achieving satisfactory revenue and earnings in the first half of 2006, particularly in terms of sales to the telecommunications industry. After six months of low volumes, the group managed to increase its telecommunications activities significantly.
In particular, the level of activity in China was very high in this period.

A new range of products for residential and office comfort ventilation caused relatively large problems in the implementation phase, resulting in lower contribution ratios. However, we can look back on an overall revenue growth of approx. 40 per cent in this part of the business segment, where a number of new product launches have been planned for 2007.

Products for air handling.
Revenue and profit margin for each half in the years 2005 and 2006



By contrast, sales of mobile equipment to the defence sector and international aid organisations were disappointing throughout the year. This impacted earnings, as these products traditionally have higher contribution ratios due to a high degree of specialisation. Also in this area the development took a positive turn towards the end of the year, and sales are expected to develop satisfactorily in 2007.

If we consider all the activities over the year as a whole, the end of the second half was positive. A considerable loss in the first half of 2006 was turned into a positive result for 2006 thanks to a stronger and satisfactory development in the second half.

Furthermore, capacity costs were also reduced significantly by approx. 15 per cent compared to the original forecast, which is expected to impact earnings for 2007 and beyond. The group intends to focus on a stricter prioritisation of its development resources and the introduction of new products.

Comfort ventilation & engineering

The Comfort ventilation & engineering business segment comprises the company Glenco A/S and the two subsidiaries Venair A/S in Denmark and AB Venair in Sweden.

Within the business segment, the group achieved revenue of DKK 975.5m in 2006, corresponding to a growth of 2 per cent compared to 2005.

	2004	2005	2006
Revenue	587.5	956.6	975.5
Operating profit/EBIT	2.8	-70.8	-29.1
Profit margin	0.5%	-7.4%	-3.0%

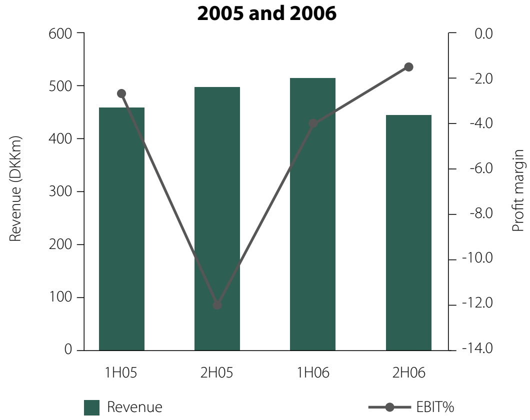
The operating profit was DKK -29.1m which is on a par with last year's result, if you discount the fact that the operating profit for 2005 included an impairment loss relating to goodwill of DKK 40m. The result for 2006 is very unsatisfactory.

Operations in the two subsidiaries Venair A/S and AB Venair were very satisfactory in 2006. The market concept, which is based on a very specialised and efficient organisation with low operating costs, has proved sustainable with good earnings within that part of the market which these companies focus on.

For the business segment's largest company, Glenco, the biggest challenges and the direct cause of the poor operating profit were the water, heating and sanitation activities in all of Denmark and ventilation and electricity in Eastern Denmark. These business activities underwent major restructuring in 2006, which included cutbacks, a new management and a different future-oriented focus, resulting in a positive development in the second half of 2006.

This streamlining process, particularly within the above-mentioned business activities, will continue in 2007, and we expect that the very poor operating profits of 2005 and 2006 are now a thing of the past, as the loss-making activities have either been discontinued or restructured. The focus on cash flow from work in progress also resulted in significantly improved liquidity in the second half.

Comfort ventilation & engineering.
Revenue and profit margin for each half in the years 2005 and 2006



Our efforts to expand the service area proved successful with increasing revenue, and we expect to focus future efforts in this area. At present, the service provided in Glenco's three technical areas accounts for more than 50 per cent of the business segment's revenue.

We still expect competition to be fierce in the contract area, but we believe that the capacity and structure will help adjust the situation to ensure a better match between supply and demand. This may happen automatically, as we are currently having major capacity problems in terms of staff. The very low unemployment rate in Denmark makes it difficult to recruit staff with the different competences we need. We expect this problem to grow worse in the coming years.

Process ventilation

The group's activities within the Process ventilation busines segment are gathered in the Dantherm Filtration group.

In 2006, the Dantherm Filtration group achieved revenue of DKK 1,080.8m. The operating profit was DKK 23.0m in 2006 compared to DKK 84.0m in 2005. The development in the operating profit must be seen in the light of the fact that the operating profit for 2005 was affected by special items with a positive net earnings impact of DKK 37.4m. Despite this the result for 2006 must be considered to be unsatisfactory.

	2004	2005	2006
Revenue	53.9	1,059.5	1,080.8
Operating profit/EBIT	-2.3	84.0	23.0
Profit margin	-4.3%	7.9%	2.1%

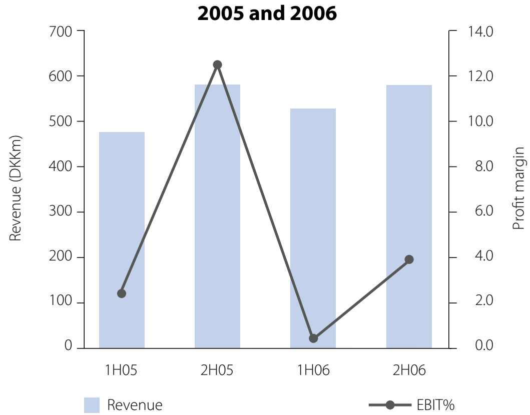
In terms of revenue, the business segment developed positively with a growth of 2.0 per cent. This should, however, be seen in the context of the acquisition of the activities in Scandab AB (Sweden) from Lindab AB in February. The positive result, although lower than expected, reflects a satisfactory development in all the companies in the business segment, except France and the USA. Unfortunately, the restructuring process in the French company turned out to be much more extensive than expected.
In particular, the current labour market conditions in France made this process considerably more cost-intensive than a similar restructuring process would be in, for example, Denmark. The two production units previously located in France were merged and located at one address in Luxeuil, and with a better development in the second half we expect a positive result for the French company in 2007.

In the USA the two business activities within filter systems and lacquering plants did not meet expectations. Overall, this produced a negative result, although the segment of welded steel pipes for process ventilation in the USA developed positively as expected. Within this segment the group invested DKK 20m in a new factory and process line, among other things.

Both in France and the USA we want to streamline and shift the organisation so there is greater focus on product sales which have a lower risk profile. We believe that the majority of the structural adjustments have now been completed.

We expect the positive development of rising earnings to continue for the other business units in the segment. Above all, we expect that with the newly established factory in China (May 2006) we can gain a foothold on the Chinese market and approach a break-even situation as early as the second year of operation.

Process ventilation.
Revenue and profit margin for each half in the years 2005 and 2006



Shareholder information

Dantherm shares
Dantherm A/S is listed on the Copenhagen Stock Exchange and trades under the abbreviation DANTH and the ISIN code DK0010223692. Its shares are included in the SmallCap+ index.

In 2006, the highest and lowest share price was 161.5 and 91.0, respectively. At the end of the financial year, the share price was 104.3, corresponding to a drop of 18 per cent compared to the end of 2005. At the end of the financial year, the company's market value was DKK 751m compared to DKK 922m at the end of 2005.

The company's share capital was DKK 359,528,700 as at 31 December 2006. 7,190,574 nominal DKK 50 shares were registered, each carrying one vote.

Dividend policy
Dantherm's dividend policy is to allocate approx. 30 per cent of the profit for the year after tax to the shareholders while taking into account the group's expansion plans and financial and cash position. The company also aims to maintain an equity interest of at least 30 per cent.

Given that the group's equity interest at the end of 2006 was 26.3 per cent, falling short of the company's target, and as the group's results for the year after tax were DKK -4.7m, the Board of Directors will propose to the annual general meeting that no dividend be paid.

Shareholder composition
At the end of the financial year, Dantherm had approx. 1,740 registered shareholders – an increase of 65 per cent on the previous year. 93 per cent of the total share capital in Dantherm was held by registered shareholders at the end of 2006. The following shareholders are included in the company's register under Section 28 of the Danish Companies Act (*Aktieselskabsloven*).

The stated ownership percentages are those most recently registered by the company as at 1 March 2007.

	Number of shares	Market value (%)
D. F. Holding, Skive A/S*	1,322,200	18.4
Pension Danske Noterede Aktier I/S	900,000	12.5
Hans R. Olsen	807,955	11.2
Nils Olsen, Manager, MSc in Economics and Business Administration	777,324	10.8
Ld Equity 1 K/S	671,000	9.3
A.P. Møller - Mærsk A/S	523,908	7.3
Shareholders with an investment of more than 5 per cent	5,002,387	69.6
Other	2,173,661	30.2
Treasury shares	14,526	0.2
	7,190,574	**100.0**

* Owned by Dantherm Fonden

Treasury shares
The management of the company has been authorised by the general meeting to let the company buy treasury shares up to a total nominal value of 10 per cent of the share capital. The consideration paid must not deviate by more than 10 per cent from the current listed share price at the time of the purchase. This authorisation is valid until the next annual general meeting on 11 April 2007.

As at 31 December 2006, the group's holding of treasury shares had a nominal value of DKK 726k, corresponding to 0.2 per cent of the share capital at the end of 2006.

Share analysts
Shares in Dantherm are monitored by:

Danske Equities
Stig Frederiksen
Tel. +45 33 44 05 24
Email: stif@danskebank.dk
www.danskebank.dk

Eik Bank
Lars Thomsen
Tel. +45 33 73 31 63
Email: lars.thomsen@eikbank.dk
www.eikbank.dk

Gudme Raaschou Bank A/S
Charles Mikkelsen
Tel. +45 33 44 90 86
Email: charles.mikkelsen@gr.dk
www.gr.dk

General meeting
The general meeting will be held on Wednesday 11 April 2007 at 3 pm in the subsidiary Dantherm Air Handling A/S, Marienlystvej 65, Skive, Denmark.

Amendments to the articles of association
The company's articles of association are amended according to the provisions of the Danish Companies Act.

Website
Dantherm encourages investors and other interested parties to visit the company's website www.dantherm.com which contains information of interest to investors. It is also possible to request electronic information about the company from the website. This service is also available to interested parties who are not shareholders.

Internal regulations about insider knowledge and trading in the company's shares
In accordance with the Danish Securities Trading Act (*Værdipapirhandelsloven*), Dantherm maintains an insider register listing people who are considered to be privy to insider knowledge of the company by virtue of their position. The company has prepared a set of internal regulations for these people and their related parties.

The people covered by the internal regulations are members of the Board of Directors and the Board of Executives, and employees of Dantherm A/S.
The regulations also apply to people outside the group who work for or represent the group, and who regularly, or on isolated occasions, have access to insider knowledge. Members of the Board of Directors or the Board of Executives and management employees in any Dantherm subsidiary, whose positions are expected to entail access to insider knowledge, are also covered by the regulations.

The people specified above are only permitted to buy and sell shares in Dantherm for a period of four weeks after the publication of the company's annual and interim reports or interim financial reports.
The Board of Directors considers at its meetings whether there are any matters that would prevent it from buying or selling shares in Dantherm.

Insider shareholdings
Shares in Dantherm held by insiders and their related parties as at 31 December 2006:

Insider shareholdings

Insider group	Number of shares	Market value (DKK '000)
Board of Directors and Board of Executives	1,594,787	166,336
Other insiders	136,476	14,234
	1,731,263	180,570

Financial calendar for 2007

Announcement of financial statements 2006	22 March 2007
General meeting	11 April 2007
Interim report Q1 2007	9 May 2007
Interim financial report 1H 2007	22 August 2007
Interim report Q1-Q3 2007	21 November 2007

Stock exchange announcements for 2006

9 January	Major shareholder notification (Section 29)	Major shareholder notification
31 January	Readjustment of expectations for the result for 2005	Notification
8 February	Dantherm Filtration group takes over activities in Scandab AB	Notification
16 March	Annual Report 2005	Annual report notification
23 March	Invitation to attend the annual general meeting Thursday 6 April 2006	Invitation to attend the general meeting
6 April	Events at the annual general meeting on 6 April 2006	Events at the annual general mmeeting
9 May	Interim report Q1 2006	Interim report notification
15 May	Insider trading as at 11 May 2006	Insider trading
22 May	A/S Dantherm Holding changes its name to Dantherm A/S	Notification
23 June	Revision of expectations for the result for 2006	Notification
22 August	Interim financial report 2006	Interim financial report notification
22 November	Interim report Q1-Q3 2006	Interim report notification

Stock exchange announcements for 2007

3 January 2006	Financial calendar for 2007	Financial calendar

Share-related ratios

	2006	2005
Earnings per share (DKK)	-0.69	8.31
Cash flow per share (DKK)	-12.92	-26.41
Dividend per share (DKK)	0.00	0.90
Equity value at year-end (DKK)	68.4	70.4
Share price at year-end (DKK)	104.3	128.2
Price/equity value at year-end	1.52	1.82
Price/Earnings (P/E)	-	14.94
Number of shares of DKK 50 each at year-end ('000)	7,191	7,191

Investor relations policy
Dantherm aims to pursue an open and active information policy in relation to all external stakeholders and to promote dialogue with investors, stockbrokers, analysts and other stakeholders.

By making efforts to achieve high levels of information about the company's activities, strategies, expectations and risk position, Dantherm seeks to provide the share market with an objective foundation for pricing the company's shares.

The management has established principles for group communication to ensure that internal and external interested parties have equal access to up-to-date and accurate information about the company, its current position and its expectations for the future.

To keep the company's shareholders and stakeholders in the financial market informed, the management will as a minimum strive to publish quarterly reports via the Copenhagen Stock Exchange.
In order to comply with these formal and informal commitments to the share market (including the Copenhagen Stock Exchange) the management will also immediately publish information about important circumstances which may be assumed to be material to the pricing of shares in Dantherm.

During 2006, Dantherm presented two webcasts at the Copenhagen Stock Exchange. The presentations are available at www.dantherm.com under Investor Relations/Presentations.

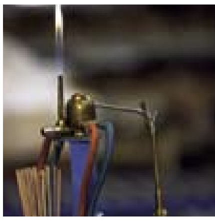
Dantherm has also participated in several information meetings and presentations for investors and analysts during 2006, arranged by the company's partners and share analysts. The management is positive about participating in meetings with investors, stockbrokers, share analysts, financial journalists etc. in order to keep them updated on the company's strategy and activities. However, in order to comply with its information obligations, Dantherm does not wish to participate in investor meetings for a period of three weeks prior to the publication of financial statements.

All registered shareholders in Dantherm will automatically receive a summary of the company's annual report and invitations to general meetings. Like all employees of the group, shareholders will receive the group's news magazine, Connection, quarterly. Registered shareholders can also receive financial statements by mail if they contact the company. The website www.dantherm.com is updated regularly and extended with relevant information to help present an up-to-date picture of the group.

Through a market maker agreement, Dantherm has ensured that there is always a modest spread between the buying and selling price of the company's shares, and that it is also possible to deal in smaller numbers of shares.

D. F. Holding, Skive A/S is subject to the same restrictions in trade with the company's shares as the company and its Board of Directors.

Investor relations contact
Poul Arne Jensen
President and CEO
Tel.: +45 99 14 90 10
Email: paj@dantherm.com



Corporate governance

The Board of Directors and the Board of Executives of Dantherm A/S strive to carry out good corporate governance. The management has decided to follow the recommendations of the Copenhagen Stock Exchange on corporate governance, except for the Board of Director's self-assessment. This exception will be explained in further detail at the end of this section.

General meeting
The general meeting is the highest-ranking authority in the company. The annual general meeting is held in April.

The Board of Directors calls the general meeting with at least fourteen days notice. The invitation contains an agenda of matters to be discussed. The agenda and proposals for discussion are sent to all registered shareholders.

Composition of the Board of Directors
The Board of Directors has eleven members of which seven are elected for a period of one year at a time at the general meeting, while four members are elected by the group's employees in Denmark in accordance with Danish company legislation. The members elected by the group's employees are elected for a period of four years.

All board members elected at the general meeting are independent of the company.

The Board of Directors regularly assesses the composition and number of board members. The Board of Directors finds the number of board members adequate in relation to the company's needs.

Further information about the composition and competences of the Board of Directors can be found in the annual report's section on the Board of Directors.

Work of the Board of Directors
The Board of Directors is responsible for the general management of Dantherm and for verifying whether the work of the management complies with the adopted objectives, strategies and procedures.

The Board of Directors convenes at least five times a year according to a fixed meeting schedule. One of these meetings is dedicated to determining the objective and strategies of the group and the individual business segments. The Board of Directors may also call extraordinary meetings if the circumstances demand it.

The Board of Directors' rules of procedure form the basis of its work. The rules of procedure are updated at least once a year.

The Board of Directors has established guidelines for the Board of Executive's reporting to the Board of Directors. The Board of Executives thus keeps the Board of Directors informed about the business segment's development and profitability, financial standing and other operational matters. This information is provided systematically at meetings and through written and oral communication.

The Board of Directors elects a chairman and deputy chairman who constitute the chairmanship together. The duties, obligations and responsibilities of the chairmanship are stated in the rules of procedure and include the planning of board meetings in collaboration with the Board of Executives of the company.

The Board of Directors may set up an ad hoc committee to handle special tasks.

Remuneration policy
The Board of Directors discusses and regularly assesses the principles of remuneration to the Board of Executives to ensure that they comply with the

common practice for comparable companies and reflect the efforts required. The remuneration policy is unchanged on the previous financial year.

To ensure matching interests between the Board of Executives, executive employees and the shareholders, an agreement has been made for bonus pay which may constitute up to 30 per cent of the basic pay. The payment of bonus is conditional upon the fulfilment of a number of agreed objectives.

No extraordinary severance programmes have been agreed with the Board of Directors, the Board of Executives or executive employees. Some members of the executive employees are entitled to compensation in the event of an acquisition or takeover by an external company.

The Board of Directors receives a fixed remuneration. Remuneration may also be paid for ad hoc work.

The group has no share option programmes or similar, but is planning to implement some in 2007.

The remuneration paid to the management is described in further detail in a note to the annual report.

Auditing and accounting committee
In autumn 2005, the Board of Directors of Dantherm decided to appoint an auditing and accounting committee. Based on the recommendations of the Copenhagen Stock Exchange, the Board of Directors has outlined terms of reference for the work of the auditing and accounting committee.

The committee's primary task is to assess the company's internal control environment and risk management procedures to ensure compliance with existing legislation and to establish an open dialogue between the management and the auditors. The work of the committee is exclusively preparatory, and important matters are discussed and decided by the Board of Directors.

The members of the committee are elected by the Board of Directors for a period of one year at a time. The members must be independent and have knowledge of accounting and financial matters. The chairman of the Board of Directors must not be a member of the committee. The board members elected by the general meeting, Niels Kristian Agner (chairman of the committee) and Jørgen Møller-Rasmussen, were members of the committee in 2006, and four meetings have been held.

Audit
The general meeting elects two state-authorised accounting firms for a period of one year following a recommendation from the Board of Directors. Prior to the recommendation to the general meeting, the Board of Directors performs an assessment of the auditors' independence and competence.

The auditors regularly report on the progress of the audit in a long-form audit report which is submitted to the Board of Directors. As a minimum, the auditors participate in one board meeting annually, and in 2006 they participated in all the meetings in the auditing and accounting committee.

Capital and share structure
The Board of Directors regularly assesses the composition of the company's capital and share structure. The Board of Directors believes that an equity interest of at least 30 per cent is in the interest of the company and the shareholders.

There is only one share class in the company.

Deviation from the Copenhagen Stock Exchange's recommendations on Corporate Governance
The Board of Directors carries out a regular assessment of the composition of the Board of Directors and the way it works and carries out its duties, among other things. This includes evaluating the cooperation between the Board of Directors and the Board of Executives. The self-assessment is carried out by the chairmanship and is based on questionnaires. The consequences of the assessment are discussed by the Board of Directors.

According to the recommendations on Corporate Governance by the Copenhagen Stock Exchange, the self-assessment must be carried out annually. The Board of Directors of Dantherm carries out an evaluation on a regular basis if it is deemed necessary. The Board of Directors carried out a self-assessment in 2006.

Markets

The Dantherm group's strategy is to create "global growth" with "local bases". This allows the group's potential to be fully exploited while also supporting the continued ambition of risk diversification.

Denmark

The group generates approx. 39 per cent of its total revenue in the Danish market.

Within the business segment Comfort ventilation & engineering, the group's activities are primarily focused in Denmark and secondarily in the rest of Scandinavia.

The opposite is the case for the business segment Products for air handling in which a minor part of the revenue is generated in Denmark. These sales mainly comprise ventilation and heating systems as well as the majority of the products and solutions offered by the subsidiary T&O Stelectric A/S.

Sales within Process ventilation in the Danish market are effected via Dantherm Filtration's Danish subsidiary which has a 20-25 per cent share of the business segment's revenue.

In 2006, the group experienced growth in the level of activity in Denmark within Products for air handling and Process ventilation. The business segment Comfort ventilation & engineering was in 2006 characterised by restructurings, including an adjustment of the level of activity.

Western and Eastern Europe

Approx. 42 per cent of the group's revenue comes from the European markets outside Denmark. The Dantherm group's European market outside Denmark is characterised by striking differences between Western and Eastern Europe. In terms of revenue, the Western European market is much more significant than the Eastern European market. On the other hand, current growth rates and long-term growth potential are much greater in Eastern Europe than in Western Europe, which is experiencing more moderate growth.

Within the business segments Products for air handling and Process ventilation, the group consolidated its position as market leader in 2006. This was achieved through targeted initiatives, including intensified sales efforts, optimisation of the organisation and continued product development.

Eastern Europe holds an ever-increasing growth potential within industrial air purification.
This development is driven by legislation, by the need of companies to have a good working environment and by industrial investments in the area. Throughout 2006, the Dantherm group continued to expand its activities in the Eastern European markets, mainly within Process ventilation.
In addition to its presence in Poland, Dantherm Filtration is focusing on Ukraine and Russia which are seen as holding considerable growth potential. Therefore, the company has opened a sales office in Ukraine in 2006. In parallel with these initiatives, Dantherm Air Handling is considering various options for increasing sales in the Eastern European markets.

The Far East

The Far East holds a considerable and ever-increasing potential within the area of industrial air purification. Approx. 11 per cent of the group's revenue comes from its activities in the region.

In 2006, Dantherm Air Handling and Dantherm Filtration opened new factories in Suzhou, China, which resulted in a significant expansion in production capacity.

The Far East and particularly China were the group's most important growth areas in 2006. This development was mainly driven by the business segment Products for air handling in which revenue increased by more than 130 per cent relative to 2005. In China, the products are primarily sold to the telecommunications industry.

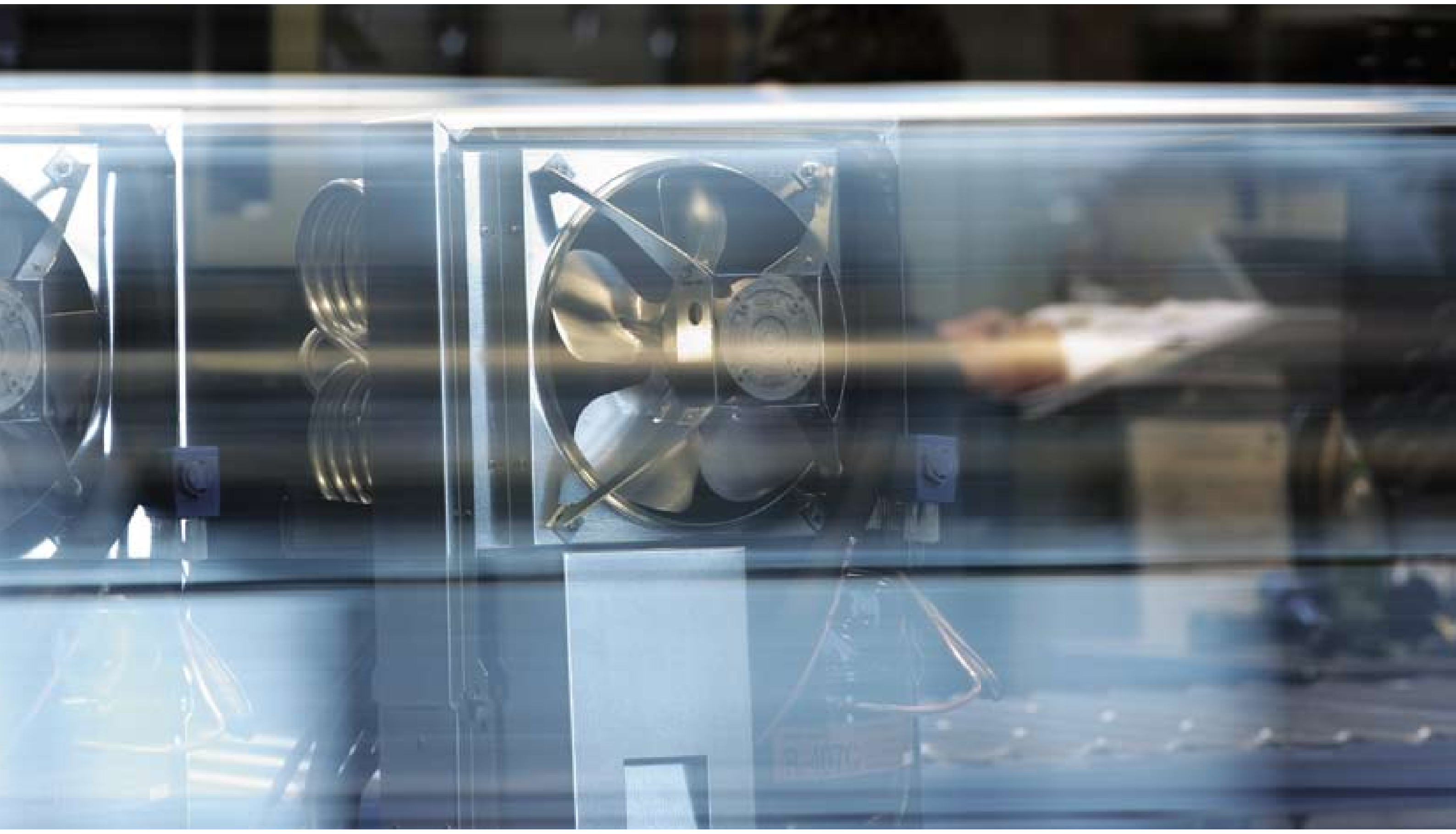
Within the business segment Process ventilation, production capacity was expanded in China with the aim of exploiting the enormous growth potential in a market growing in step with the industrial investments and the increasingly strict requirements for air purification and protection. Dantherm Filtration almost doubled its revenue in 2006 and also opened a new sales office in Vietnam.

USA

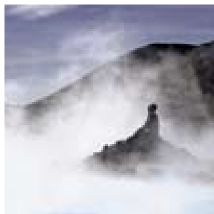
The group sells approx. 8 per cent of its products to the American market via subsidiaries within the business segments Products for air handling and Process ventilation.

Within the business segment Products for air handling, revenue in the American market doubled relative to 2005. Revenue within Process ventilation was lower than in 2005 and did not live up to expectations, which is mainly attributable to lower sales to the wood industry.

In 2006, investments were made in the manufacture of welded ventilation pipes. Thus, production capacity was doubled by the end of the first half of 2006.



Knowledge and resources



Employee development

Employee development is an important focus area for the Dantherm group. Both professional and personal development of the employees is of crucial importance to our competitiveness. Our ambition with the Dantherm Academy is to provide all the group's employees with the opportunity to develop the qualifications and competences that will prepare them for the many challenges that are part and parcel of working in an international workplace.

Dantherm Academy
In the Dantherm Academy, we have organised a number of development programmes that support the overall strategy and the visions and goals which have been determined across the group. Thus, the Dantherm group's fundamental values form the natural basis of our HR and training policy.

The purpose of the programmes is not only professional and personal development. It is just as much to strengthen collaboration across the group to build networks through which the employees can share knowledge and ideas.

The Dantherm Academy's training portfolio consists of course modules which ensure a clear structure and flexibility for the individual. The courses are not interconnected, but it is possible to combine some of them in subject units as well as to obtain credit transfers regarding the use of various general tools.

The Dantherm Academy includes a general leadership course, a project management course, a talent development programme and internal and external professional courses.

General leadership – the Dantherm leadership training programme
In this training programme, our starting point is a JTI analysis (Jungs Type Index) in which the preferences, strengths and development potential of the employees are clarified. The participants can benefit from being made aware of their own and other people's preferred conduct because this awareness opens up the possibility of better understanding and strengthened collaboration with their colleagues.
In the development programme, we focus on various leadership areas such as situational leadership, coaching and value-based leadership.

Project management – the Dantherm project management course
Similar to the leadership training programme, a personal JTI profile is prepared to identify the preferences of the employee in relation to himself and his surroundings. The project management programme ensures both consistency in the use of relevant tools and a high degree of experience sharing between the participants.

Talent development – the Dantherm PROPELLER programme
Dantherm's PROPELLER programme is a talent development programme aimed at developing special talents of strategic importance to the companies of the Dantherm group.

A PROPELLER is an employee with special talents. The person's professional and social competences as well as his or her courage, determination and dedication must exceed the normal performance level significantly. At the same time, the person's talent must be considered to be special and unusual. On the basis of the above definition, we identify the talented individuals via studies, analyses and assessments.

The talent programme stretches over 3-5 years and will for most of the employees concerned be individual. The programme includes, among other things, personal and professional development, cross-organisational tasks and projects, expatriation and foreign language supplementary training.

Professional development – internal and external professional courses
In Dantherm, we arrange cross-organisational professional courses and theme days as required. Furthermore, we run structured professional course programmes in the individual companies.

Successful leadership training programme
In 2006, there was considerable focus on the development and training of the group's managers. We thus completed the first whole leadership training programme while two programmes are running, one of which is in English. With a view to increasing the level of knowledge about the group's companies, the English-speaking class completed two consecutive modules with Dantherm Filtration in the USA. Three more classes will start in 2007 which will be taught in English, German and Danish.

Preliminary measurements show that the level of learning in the programmes is high. This also applies to the knowledge put into use in the daily work. In many cases, the participants acquire more knowledge by using the tools. This means that the tools and the ideas behind them are satisfactorily integrated in the organisations, supporting the process of ensuring a uniform leadership language throughout the group.

Company measurements as a leadership tool
The companies in the Dantherm group carry out annual company measurements. They show how employees assess their workplace on the basis of both human and business parameters. The measurements are used as a relevant leadership tool in the group. On the basis of the measurements, the companies implement action plans with prioritised focus areas within particular areas.

Synergy and experience sharing

The Dantherm group works in a targeted way with e.g. HR activities and branding across the companies. In 2006, we organised e.g. a number of theme events to create synergy and promote experience sharing between the group companies. The purpose was – in addition to improving earnings – to support knowledge sharing, build up competence networks and promote group collaboration. The gain was broader collaboration and on-going experience sharing across the companies in the group.

Furthermore, Dantherm is taking a targeted approach to establishing a purchasing collaboration across the group, and we also attach importance to increasing business relations between the group companies in accordance with ordinary business principles.

Product development

The various companies in the Dantherm group continue to engage in extensive activities aimed at ensuring a constant development of products and concepts within the group's business segments.

In particular, this applies to product development within the Dantherm group's core areas of expertise:

- Air conditioning systems for the telecommunications industry.
- Mobile air handling systems for the armed forces and international aid organisations.
- Heating, cooling and ventilation systems for private residences, industry and public institutions.
- Development and production of electronic solutions and components for e.g. air conditioning, electronic surveillance, automation, testing etc.
- Ventilation and air purification solutions for the process industry.
- Air conditioning and surveillance systems and special systems for ventilation contracts – including clean rooms and laboratory environments.

The group expects to see rapid developments in the domestic private market for ventilation following the implementation of the new building regulations.

Product development partly covers actual business development and analyses of new technologies and partly on-going adaptations of established technologies and existing products. The development work is, to a large extent, carried out in collaboration with customers and in an ongoing dialogue with the company's other departments. This close customer collaboration is the precondition for a successful development work, especially within the OEM area with customised solutions and products. Within product and concept development, the companies exploit the latest knowledge and technological opportunities in new intelligent ways within many sectors.

Development of fuel cell technology

In 2006, Dantherm Air Handling continued its efforts within the development of fuel cell technology. To stay abreast of developments, binding collaboration agreements have been made with universities and other research institutions in Denmark and abroad. Many technologies exist within the area, and Dantherm Air Handling works specifically with most of them. The company is in close contact with the fuel cell manufacturers and is therefore ready with the products as the technologies mature.

In the first half of 2007, the first series of complete fuel cell units for emergency power plants will be introduced in the market for the telecommunications industry. The fuel cell technology meets the express wish of the telecommunications industry for emergency power plants with sufficient capacity and reduced environmental impact compared with the traditional diesel-powered generators and battery technologies.

The competences achieved and contacts established within the fuel cell sector open up new business opportunities for Dantherm. We will regularly assess the opportunities for commercial exploitation of the technology within new business areas.

Environment

The Dantherm group wishes to stand out in every way as a responsible company complying with all statutory requirements and industrial standards applying to the individual companies in the group.

The companies of the group aim to be at the forefront in the environmental area. Therefore, we want to be among the first groups to implement environmental improvements which benefit both the internal and the external environment and which help to ensure broad-scale resource optimisation.

The overall environmental policy of the Dantherm group is to ensure that the individual group companies choose the most rational and environmentally friendly production methods and equipment, taking into account both the environment and the profitability and competitiveness of the companies. It is group policy not to move environmentally harmful processes abroad to reduce the environmental impact in Denmark.

The group companies endeavour to use environmentally friendly products and materials. This also includes designs, packaging etc. which can be recycled. The companies are careful to only use products and materials which have life cycles that, as a minimum, meet internationally recognised environmental standards.

Environmental certificates
The environmental certificates communicate an ongoing integrated focus on ensuring both general and specific improvements to the companies' internal and external environments – including the work environment. In Denmark, Dantherm Air Handling is environmentally certified in accordance with the ISO 14001 standard.

In addition to this environmental certificate, Dantherm Air Handling has implemented the OHSAS 18001 occupational health and safety management systems.

Glenco has an environmental management system that meets the ISO 14001 standard. The plan is that the system will be implemented and certified in 2007.

The non-certified companies follow the group's general environmental policy.

Quality certificates
The aim of quality certificates is to ensure that the companies maintain a constant focus on customer requirements and improving business performance. The following group companies have ISO 9001 certification: Dantherm Air Handling A/S in Denmark, Dantherm Air Handling Co. Ltd. in China, Dantherm Air Handling Inc. in the USA, T&O Stelectric A/S in Denmark, Glenco A/S in Denmark, Dantherm Filtration Ltd. in the UK, Dantherm Filtration Co. Ltd. in Thailand and Dantherm Filtration Inc. in the USA.

Dantherm Filtration Sp.z.o.o in Poland has implemented the ISO 9001 standard and expects to be certified in 2007.

At the end of 2006, 71 per cent of the Dantherm group was certified in accordance with the ISO 9001 standard (as measured by the number of employees).

The ATEX directive specifies minimum occupational health and safety provisions for employees in risk of being exposed to danger from explosive atmospheres due to e.g. gas or dust. The companies within the business segment Process ventilation supply solutions for the purification of air that may contain gas or dust. Therefore, the quality systems at the following companies are ATEX certified: Dantherm Filtration A/S in Denmark, Dantherm Filtration Ltd. in the UK, Dantherm Filtration Sp.z.o.o in Poland and Dantherm Filtration SAS in France.

Implementation of the RoHS directive
The companies within the business segment Products for air handling, Dantherm Air Handling and T&O Stelectric, implemented the RoHS directive in relation to selected products at the end of 2005.

The purpose of the EU's RoHS directive of 2002 (Restriction on Hazardous Substances), which came into force on 1 July 2006, is to regulate the use and disposal of six environmentally hazardous substances in electronic and electrical equipment.

In particular, the directive is aimed at the consumer market and consumer electronics and therefore does not include medico equipment, military equipment, surveillance and control equipment and service on products produced before 1 July 2006.

The directive is closely related to the WEEE directive (Waste Electrical and Electronic Equipment Directive) which sets goals for the collection, recycling and disposal of electronic waste.

Despite the fact that only very few of the Dantherm group's products are covered by the RoHS directive, the group has chosen to offer RoHS-compatible products to thereby meet customer requirements and to contribute to a cleaner environment.

Risk assessment

A number of risk factors are associated with the business activities of the Dantherm group, and these risk factors can be divided into the following two main areas:

- Strategic and operational risks.
- Financial risks.

The risk factors are not listed in order of importance.

It is the objective of the Dantherm group – via established policies and procedures – to counter and limit the risks which management and the employees are able to influence through their actions.

Strategic and operational risks

Each year, the Board of Directors of Dantherm A/S assesses and approves the strategic plans for the Dantherm group and for the individual business segments.

Customer dependence
Within the three business segments, the group has a large number of customers in Denmark as well as internationally. However, in the segment Products for air handling, relatively few customers contribute to revenue with a significant share, since this business segment involves the development and production of customer-specific products (OEM products).

In the same segment, the group's revenue largely depends on the establishment and expansion of the mobile telephone network. Revenue from mobile air handling equipment sold to the armed forces and international aid organisations depends on the priority given by these customers to mobile equipment.

Activities in the business segment Comfort ventilation & engineering depend on developments in the Scandinavian construction sector and on the market for installation contracts. Statutory requirements relating to the indoor climate in buildings and houses are among the factors affecting demand.

Within the business segment Process Ventilation, activities primarily depend on developments in the European and North American industrial sectors. Market developments in Asia and Eastern Europe are expected to have an increasing influence on activities.

Supplier agreements
In its choice of suppliers of products and components of critical importance to business, it is general group policy to have, whenever possible, at least two suppliers to ensure independence, competitiveness and not least reliability of supply. When this is not possible, the group makes special agreements with the relevant suppliers to minimise the risk of delivery failure.

To improve competitiveness and avoid potential threats from low-cost countries, the group has established a "sourcing department" in China for the purpose of monitoring the global market – in particular in order to assess and exploit the opportunities for involving subsuppliers in the Far East.

Key employees
The Dantherm group pursues a proactive training policy with a view to developing and retaining the individual employee.

The group enters into contractual agreements with executive employees and other key employees, which may contain both non-competition clauses and attractive bonus programmes to contribute to the employees' sense of loyalty and thereby keep their knowledge in the company.

For 2007, there are plans to implement a share option programme for the Board of Executives and other executive employees in the Dantherm group. The programme is intended to inspire and motivate the employees concerned to generate the best possible results. Furthermore, the programme is meant to contribute to retaining the group's management.

Insurance policy
In respect of insurance of buildings and movable property and insurance against operating losses, the group's risks in the general insurance area are covered via insurances and coinsurances. The insurance policy is adjusted periodically together with an independent insurance broker and, each year, the Board of Directors assesses the group's overall risks.

Financial risks

The overall framework for managing the financial risks has been defined by the Board of Directors. It is group policy to identify and hedge all significant financial risks in an expedient way and not to engage in active speculation in financial risks.

Currency risks
It is group policy to hedge all significant currency risks arising from foreign currency contracts where the cash flow can be predicted with sufficient accuracy, the exception however being contracts in EUR. Translation risks in relation to the measurement of foreign net investments are not hedged.

As a result of the group's increasing international activities, developments between the DKK exchange rate and the exchange rates of the various reporting currencies of the group companies are becoming increasingly important for the operating profit as measured in DKK.

The total net position in non-DKK currencies increased from DKK 94m at the end of 2005 to DKK 106m at the end of 2006.

Interest rate risks
Part of the group's bank financing consists of variable interest loans. This involves a risk of interest payments being changed, both in the short and in the long term. See note 22 concerning payables to credit institutions. The company regularly assesses the expediency of entering into agreements fully or partly hedging the interest rate risk. Agreements have therefore been made with a view to hedging the interest rate risk in respect of selected bank loans. At the end of 2006, the share of fixed-interest loans constituted 44 per cent against 4 per cent at the end of 2005.

Credit risks
The company regularly assesses the financial situation of its debtors and takes out debtor insurances in the individual companies to the extent necessary. Overall, a little more than one quarter of the total debtor balance as per 31 December 2006 is insured.

Security
In connection with contract work, the Danish group companies follow the general rules of AB 92 (General Conditions for the Provision of Works and Supplies within Building and Engineering) on the provision of security for ongoing projects. Such security is provided in collaboration with Dansk Kaution and Danske Bank.

Financial resources
One element in the group's financial planning is to always ensure the presence of adequate financial resources, while at the same time minimising capital costs. Therefore, financing is organised for the group to have adequate credit facilities at its disposal.

At the end of 2006, the group had undrawn credit facilities of DKK 83m against DKK 156m at the end of 2005.

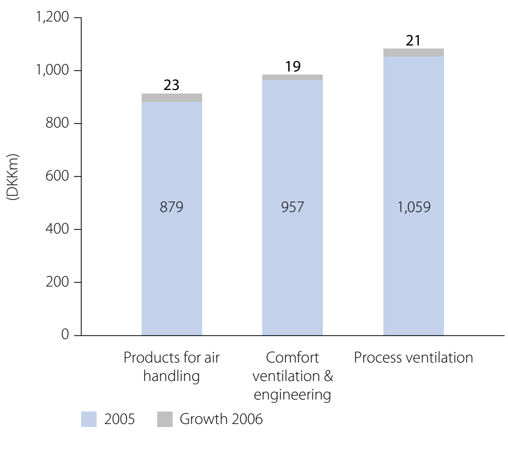
Financial review

General
The Dantherm group changed its legal company structure in 2006 so it is in line with the management structure.

At the end of August 2006, the company Dantherm Ejendomme was divested at a small profit. Following disposal of the company's properties at the end of 2005, the company had no further activities.

Revenue
The group's revenue totalled DKK 2,958m, up DKK 63m relative to last year. The combined growth of 2.2 per cent was more or less evenly distributed on the group's three business segments:

Revenue growth per business segment



Revenue within the business segment Products for air handling increased by 2.6 per cent, which is mainly attributable to growth in China and the USA. Both markets saw an increase in sales to the telecommunications industry. For the business segment as a whole, sales to the telecommunications industry were roughly on a par with last year. Sales of mobile equipment to the armed forces and international aid organisations declined. Sales within this area vary significantly from one period to the next as a significant share of sales relates to specific large projects. By contrast, revenue from the other product areas within the business segment developed positively compared with last year. In particular, sales of dehumidifiers and ventilation units developed positively as a result of focus on these product areas.

The contracting companies' total revenue within the business segment Comfort ventilation & engineering increased by 2.0 per cent to DKK 976m. This growth in revenue is mainly attributable to the technical areas electricity and ventilation, while revenue within heating and sanitation declined following a strategic decision to adjust the activities of this area.

In 2006, the group's revenue within the business segment Process ventilation increased by 2.0 per cent relative to 2005. This increase in revenue is mainly due to the takeover of activities in Scandab AB and to the expansion of activities in Asia.

Costs of raw materials and consumables
Costs of raw materials and consumables increased by DKK 47.0m. The main reasons for the increased costs are e.g. increasing raw materials prices and changes to the group's sales structure.

Staff costs
The number of employees in the Dantherm group increased by 10 per cent from an average of 2,816 in 2005 to 3,100 in 2006. This increase was mainly seen in Asia.

Staff costs increased by 3.7 per cent to DKK 1,014.5m. The increases in staff costs do not correspond to the increase in the number of employees, as the increase mainly took place in Asia.

	Number of employees	
	2006	**2005**
Denmark	1,902	1,842
Rest of the EU	692	628
North America	195	200
Asia	311	146
Total	**3,100**	**2,816**

Depreciation and amortisation

Depreciation and amortisation for the year increased from DKK 55.1m in 2005 to DKK 57.3m in 2006. This increase is attributable to investments in the production units in the USA and China within the business segments Process ventilation and Products for air handling. To this should be added increased amortisation on completed development projects.

Operating profit

The realised operating profit (EBIT) of DKK 10.0m does not meet the management's expectations and must be considered to be unsatisfactory. Compared with 2005, operating profit decreased within the business segments Products for air handling and Process ventilation:

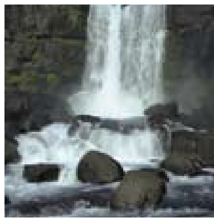
	Operating profit/loss	
Business segment	**2006**	**2005**
Products for air handling	20.7	70.8
Comfort ventilation & engineering	-29.1	-70.8
Process ventilation	23.0	84.0
Not allocated	-4.6	-7.4
Dantherm group	**10.0**	**76.6**

Operating profit from the business segment Products for air handling amounted to DKK 20.7m against operating profit of DKK 70.8m in 2005. Reduced contribution ratios are the main reason for the considerable fall in earnings. Contribution ratios declined partly due to fierce competition and partly due to increasing raw materials prices and low efficiency in the first half of the year. Additionally, the implementation of new products, particularly within ventilation, was more extensive and expensive than anticipated.

The Chinese company within this business segment continued to see very positive developments in 2006, which significantly increased the operating profit.

In 2006, the business segment Comfort ventilation & engineering realised an operating loss of DKK 29.1m against an operating loss of DKK 70.8m in 2005. The operating loss for 2005 includes an impairment loss relating to goodwill of DKK 40m. After very unsatisfactory results in 2005, a number of streamlining and management measures were implemented in Glenco A/S in 2006. Thus, the operating profit for 2006 was affected by restructuring costs and discontinuing problem projects with low contribution ratios.

Within the business segment Process ventilation, the group realised an operating profit of DKK 23.0m in 2006 against an operating profit of DKK 84.0 in 2005. The development in operating profit must be seen in light of the fact that operating profit for 2005 was affected by special items with a positive net earnings impact of DKK 37.4m. In addition to these non-recurring items, the operating profit decrease is attributable to the American and French companies within the business segment. The company in France was marked by a low level of activity and by the merger of two factories. In the USA, results for 2006 were below results for 2005, which is mainly attributable to lower sales within products for the wood industry.



The other companies within the business segment realised results in 2006 which were on a par with or better than last year. In particular, the companies in Denmark and Germany realised satisfactory results, but the companies in the UK, Poland and Thailand also saw growth.

Net financials

Net financials for 2006 represented a net expense totalling DKK 38.9m. Relative to 2005, this is an increase of DKK 35.3m, which is mainly attributable to a value adjustment of the company's indirect shareholding in Royal Scandinavia. In 2005, the ownership share generated income of DKK 22.2m, whereas in 2006 it resulted in a negative adjustment of DKK 6.0m – i.e. a negative adjustment totalling DKK 28.2m.

The remaining part of the increase is attributable to higher interest rates and more interest-bearing debt.

Royal Scandinavia

Via the companies Investeringsselskabet RS ApS and Royal Scandinavia Invest A/S, Dantherm A/S owns a share in Royal Scandinavia A/S. In 2006, this indirect ownership share in Royal Scandinavia A/S was reduced from 9.1 per cent to 6.8 per cent, as some of the other shareholders contributed new capital to the company.

The managements of Investeringsselskabet RS ApS, Royal Scandinavia Invest A/S and Royal Scandinavia A/S decided to reschedule the financial year so it in future follows the calendar year. Therefore, in the 2006 financial statements for Dantherm A/S, results from a period of twelve plus three months have been recognised for Investeringsselskabet RS ApS and its underlying companies.

Loss for the year before tax
In 2006, the Dantherm group saw a loss before tax of DKK 28.9m compared to a profit before tax in 2005 of DKK 73.0m. The unsatisfactory results meet the most recently stated expectations in which the management estimated a loss before tax of between DKK 25m and DKK 35m.

Tax for the year
To the loss before tax of DKK 28.9m is added tax income totalling DKK 24.2m, resulting in a loss after tax of DKK 4.7m. The tax income is mainly attributable to the recognition of tax assets in some of the group's foreign companies showing positive developments and in which tax losses have not previously been recognised. Furthermore, a significant part of the tax income is attributable to the utilisation of local tax losses in these companies and in the subsidiary in China within the business segment Products for air handling.

The Dantherm group acquired a number of companies as per 1 January 2005. Some of these companies had tax losses from previous years. Due to significant uncertainty as to the value of such tax losses, they were not capitalised in the previous financial year.

Deferred tax assets are recognised as tax loss carry-forwards set off against income likely to be realised in future. Recognition is made on the basis of a minimum of two consecutive years with a profit in companies having tax losses. Recognition is made on the basis of earnings expectations and subject to the rules on limitation in the relevant country.

At the end of 2006, the Dantherm group had unrecognised tax losses of DKK 249m against DKK 260m at the end of 2005.

Goodwill
At the end of the year, consolidated goodwill is recognised in the balance sheet at DKK 156.1m, up DKK 3.6m relative to 2005. As of February 2006, the subsidiary Dantherm Filtration AB acquired the activities of Swedish Scandab AB. In connection with the acquisition, the value of trademarks was calculated at DKK 1.4m. As per 1 January 2004, the subsidiary Dantherm Air Handling A/S acquired all the shares in Kontrollelektronik AB, Sweden. The purchase sum consisted of a cash payment and an earn-out based on the company's results for 2004 and 2005. The final purchase sum was adjusted in 2006 and, as a result thereof, goodwill increased by DKK 1.0m. Market value adjustments totalling DKK 1.2m account for the rest of the increase compared with 2005.

Development projects
New products are mainly developed within the business segment Products for air handling, but development activities are also carried out within the business segment Process ventilation.

The unsatisfactory operating profit for 2006 has necessitated a strict prioritisation of the group's development activities. For certain development projects, the consequence has been that completion has been postponed. Development within e.g. fuel cells is still given very high priority and is carried out within various product areas.

Property, plant and equipment
The group's total property, plant and equipment is roughly on a par with 2005. The total value thereof increased from DKK 437m in 2005 to DKK 439m at the end of 2006. This is mainly attributable to investments in the group's plant and machinery and, within the business segment Products for air handling, primarily to investments in a new factory in China. Similarly, investments were made in a new Chinese factory within the business segment Process ventilation; however, the production facilities in Denmark and the USA were also expanded.

Other non-current assets

The group's other non-current assets fell from DKK 86m in 2005 to DKK 80m in 2006. The total value of the group's other non-current assets mainly consists of Dantherm's indirect shareholding in Royal Scandinavia A/S and deferred tax. In relation to the increase in deferred tax, reference is made to the description under tax for the year and to the comments in note 19. The changes include a receivable of DKK 23m offset by a pension obligation in respect of defined benefit plans of the same amount recognised under pensions and similar obligations. The receivable and the obligation are no longer of any concern to the Dantherm group and, therefore, they have been settled.

Inventories

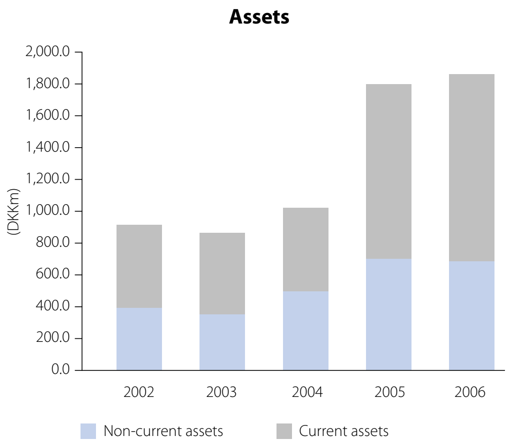
In the course of the year, inventories increased by DKK 55m from DKK 263m at the beginning of the year to DKK 318m at the end of the year. This increase is attributable to the business segments Products for air handling and Process ventilation which have seen high levels of activity during the last part of the year.

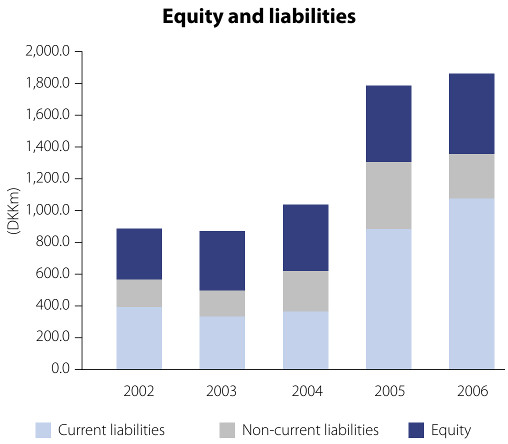
Receivables

The Dantherm group's receivables increased from DKK 601m in 2005 to DKK 664m, up DKK 63m. This increase is attributable to all three business segments and should also be seen in the context of the decrease in contract work in progress. The business segment Comfort ventilation & engineering saw a significant improvement in the invoicing rate on work in progress, resulting in an increase in receivables. Furthermore, within the business segments Products for air handling and Process ventilation, the level of activity was high in the last part of the year.

Equity and equity ratio

At the end of 2006, the group's equity amounted to DKK 492m excluding minority interests. With a balance sheet total of DKK 1,867m, this corresponds to an equity interest of 26.3 per cent. The objective of the management is for the group to have an equity interest of at least 30 per cent.





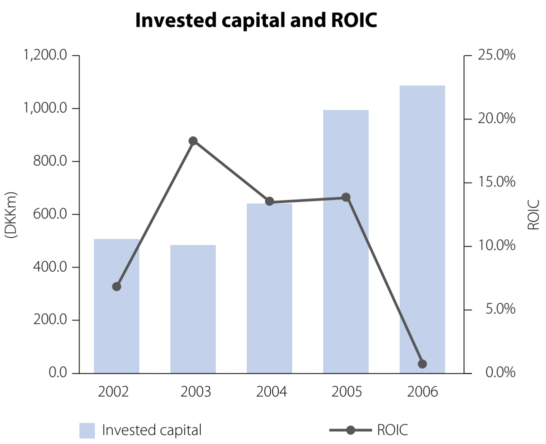
Invested capital

At the end of the year, invested capital in the Dantherm group totalled DKK 1,082m. Compared with last year, the funds tied up increased by DKK 56m, which is mainly attributable to the increase in the group's total inventories.

Due to the unsatisfactory developments in operations in 2006, return on the invested capital fell significantly relative to the previous years.

Cash flows

Cash flows for the year from operating activities were positive to the amount of DKK 33m against a corresponding negative cash flow last year of DKK 44m. Cash flows from investing activities declined from DKK -237m in 2005 to DKK -60 in 2006. The figures for 2005 include the takeover of the companies of the DISA Air group (now the Dantherm Filtration group) and the main activities



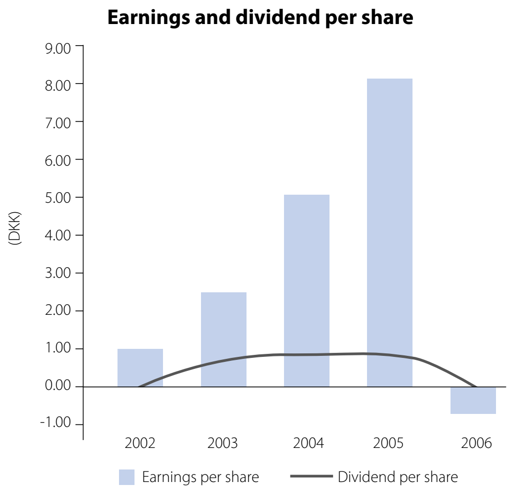
of Siemens Technology Services A/S. Despite net investments in 2006 totalling DKK 60m, cash flows from financing activities amounted to DKK -65m. In other words, investments for the year were mainly financed via short-term bank debt.

Events after the end of the financial year
No important events have occurred after the end of the financial year which influence the 2006 financial statements.

Proposals for the general meeting

Allocation of profit/loss for the year
Dantherm's dividend policy is to allocate approx. 30 per cent of the profit for the year after tax to the shareholders taking into account, however, the group's expansion plans and financial and cash position. The company also aims to maintain an equity interest of at least 30 per cent.

Given the fact that the group's loss for the year after tax was DKK 4.7m and that its equity interest at the end of 2006 was 26.3 per cent, falling short of the company's target, the Board of Directors will propose to the general meeting that no dividend be paid.



Time and place of the general meeting
Dantherm A/S will hold its annual general general meeting on Wednesday 11 April 2007 at 3.00 pm in the subsidiary Dantherm Air Handling A/S, Marienlystvej 65, 7800 Skive, Denmark.

The company expects to publish the printed summary of the 2006 annual report between 26-30 March 2007.

Statement of the Board of Directors and Board of Executives on the annual report

Today, the Board of Directors and Board of Executives have discussed and approved the 2006 annual report of Dantherm A/S.

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 of listed companies. 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's financial position at 31 December 2006 and of the results of the group's and the parent'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.

Skive, 22 March 2007

Board of Executives:

Poul Arne Jensen
President, CEO

Board of Directors:

Walther V. Paulsen
Chairman

Kresten Dyhrberg Nielsen
Deputy Chairman

Niels Kr. Agner

Jørgen Møller-Rasmussen

Hans R. Olsen

Nils R. Olsen

Johannes Poulsen

Steen Gregersen

Børge H. Brandt

Niels Chr. Grøn

Per F. Pedersen

Independent auditor's report

To the shareholders of Dantherm A/S

We have audited the annual report of Dantherm A/S for the financial year 1 January - 31 December 2006, which comprises the statement of the Board of Directors and Board of Executives on the annual report, management's review, income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes for the group as well as for the parent. The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The Board of Directors and Board of Executives' responsibility for the annual report

The Board of Directors and Board of Executives are responsible for the preparation and fair presentation of this annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. 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.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion of this 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 auditor's judgement, including the assessment of the risks of material misstatement in the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives, 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 opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the group's and the parent's financial position at 31 December 2006 and of the results of the group's and the parent'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 of listed companies.

Skive, 22 March 2007

HLB Mortensen & Beierholm
Statsautoriseret Revisionsaktieselskab

Mogens Andersen
State-Authorised
Public Accountant

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Gert Jensen
State-Authorised
Public Accountant

Hans B. Vistisen
Public Accountant
State-Authorised

Board of Directors and Board of Executives in Dantherm A/S

1.
Chairman of the Board of Directors
Walther V. Paulsen, Director
Born 1949
Member of the Board of Directors
since 2000
Reelected until 2007

Member of the Board of Executives of:
Investeringsselskabet RS ApS

Chairman of the Board of Directors of:
Hotel Koldingfjord A/S
Royal Scandinavia A/S

Deputy Chairman of the Board
of Directors of:
Brdr. Hartmann A/S
C.W. Obel A/S
Royal Scandinavia Invest A/S

Member of the Board of Directors of:
Arkil Holding A/S
Arkil A/S
Dan-Ejendomme A/S
Dan-Ejendomme Holding A/S
Danske Invest Administration A/S
Det Obelske Familiefond
Investeringsforeningen BG Invest
Investeringsforeningen Danske Invest
Sanistål A/S
Vital Petfood Group A/S
VPG Holding A/S

Competences:
MSc (Business Economics)
Former Deputy Director of Amagerbanken
and President and CEO of Carlsberg.
Now mainly engaged in board work.

2.
Deputy Chairman
Kresten Dyhrberg Nielsen, Lawyer
Born 1939
Member of the Board of Directors
since 2002
Reelected until 2007

Member of the Board of Executives of:
D.F. Holding, Skive A/S
Storvang Letland Holding A/S
Ejendomsselskabet Strandvejen 9,
Blokhus ApS

Chairman of the Board of Directors of:
CSK Stålindustri A/S
Dantherm Fonden
Finans- og Ejendomsselskabet Aalykke A/S
Grotumsgade Aalborg A/S
HCK Holding Aalborg A/S
Hosta Industries A/S
Incon Intelligent Handling A/S
Irma og Jørgen Rasmussens Fond
JBH A/S
Karstensens Skibsværft A/S
Lobipack A/S
Melsen Tryk A/S
Nordic Computer Invest A/S
OM Holding A/S
Scanima A/S
Sigurd Müller Vinhandel A/S
Tivoli Karolinelund A/S

Member of the Board of Directors of:
D. F. Holding, Skive A/S
Ejendomsselskabet Aalborg Sønderpark
Frejlev Byggeselskab A/S
Knud Eskildsen International A/S
Storvang Letland Holding A/S

Competences:
Many years of experience as
a corporate lawyer.
Now mainly engaged in board work.

3.
Member of the Board of Directors
Jørgen Møller-Rasmussen, CEO
Born 1947
Member of the Board of Directors
since 1999
Reelected until 2007

President and CEO and member of the
Boards of Directors of the subsidiaries of:
Dalhoff Larsen & Hornemann A/S

Competences:
President and CEO of listed company
with extensive international activities.
Considerable experience within
the construction sector.

4.
Member of the Board of Directors
Johannes Poulsen, Director
Born 1942
Member of the Board of Directors
since 2002
Reelected until 2007

Chairman of the Board of Directors of:
The IFU, IØ and IFV investment funds
Global Wind Power Holding A/S
Global Wind Power Invest A/S
Global Wind Power A/S

Deputy Chairman of the Board
of Directors of:
Eksport Kredit Finansiering A/S
Bukkehave A/S
Extend Reach Corporation A/S

Member of the Board of Directors of:
A/S D.T.P.
AXCEL Industriinvestor A/S
AXCEL II A/S
Bernard Lauritsen Tarm A/S
Eksport Kredit Fonden
F.L. Smidth & Co. A/S
F.L. Smidth A/S
Frandsen Lightning A/S
Frandsen Lightning Holding A/S
JP/Politikens Hus A/S
Skjern Papirfabrik A/S
S. P. Holding, Skjern A/S
VM Tarm A/S

Competences:
MSc (Business Economics)
Former CEO of Vestas A/S

5.
Member of the Board of Directors
Niels Kristian Agner, Director
Born 1943
Member of the Board of Directors
since 2002
Reelected until 2007

Member of the Board of Executives of:
Pigro Management ApS

Chairman of the Board of Directors of:
G.E.C. Gad A/S
G.E.C. Gad Boghandel A/S
G.E.C. Gads Forlag A/S
INCUBA Venture I K/S
InnFond P/S
NOVI A/S
SP Group A/S
SP Moulding A/S

Member of the Board of Directors of:
Aktieselskabet Schouw & Co.
Dantherm Fonden
Direktør Hans Hornsyld og Hustru
Eva Hornsylds Legat
Direktør Svend Hornsylds Legat
D.F. Holding, Skive A/S
G.W. Energi A/S
InnKomplementar A/S
Interket.dk A/S
NOVI Ejendomsfond

Competences:
BCom., Bsc (Business Economics)
Former member of the Board
of Executives of Gyldendal.

Most recently Managing Director of Dansk Kapitalanlæg Aktieselskab.
Now mainly engaged in board work.

Shareholdings:
Holding of Dantherm shares as per 31 December 2006: 3,400
Acquisition of Dantherm shares in 2006: 2,400.

6.
Member of the Board of Directors
Hans Rosenkrands Olsen
Born 1944
Member of the Board of Directors since 2002
Reelected until 2007

Member of the Board of Directors of:
D.F. Holding, Skive A/S
Dantherm Fonden

Competences:
Engineer.
Knowledge of the trade and many years of board work in the group.

Shareholdings:
Holding of Dantherm shares as per 31 December 2006: 807,955.

7.
Member of the Board of Directors
Nils Rosenkrands Olsen, Director
Born 1950
Member of the Board of Directors since 2002
Reelected until 2007

Member of the Board of Executives of:
Investeringsselskabet af 1. juli 2004 ApS
Blackwing Business Angels A/S

Chairman of the Board of Directors of:
ASA - Airline Software Applications ApS
Blackwing Business Angels A/S
Erling Høi-Nielsen A/S
Fractum ApS
Scan-Airclean A/S

Member of the Board of Directors of:
Dantherm Fonden
D. F. Holding, Skive A/S
Grabow Maskinsystemer A/S
Sorbisense A/S
Weissenborn A/S
Weissenborn Invest A/S

Competences:
MSc (Business Economics)
Former Managing Director of Cimber Air Data A/S.
Mainly engaged in entrepreneurial activities and board work.

Shareholdings:
Holding of Dantherm shares as per 31 December 2006: 777,324.

8.
Employee representative
Steen Gregersen
Born 1943
Member of the Board of Directors since 1998

Member of the Board of Directors of:
GF-Storkøbenhavn

9.
Employee representative
Niels Christian Grøn
Born 1942
Member of the Board of Directors since 2003

10.
Employee representative
Børge Haakon Brandt
Born 1946
Member of the Board of Directors since 2003

11.
Employee representative
Per Friis Pedersen
Born 1956
Member of the Board of Directors since 2003

12.
President and CEO of Dantherm A/S
Poul Arne Jensen
Born 1948

Chairman of the Board of Directors of:
Flex Design A/S
Viborg F.F. Prof. Fodbold A/S

Member of the Board of Directors of:
The Confederation of Danish Industries
HansenGroup A/S
Midtjysk Innovation A/S

Contents – Financial statements of the Dantherm group

Consolidated income statement

	Note	2006	2005
		DKK '000	DKK '000
Revenue	3, 4	**2,958,402**	**2,895,694**
Cost of raw materials and consumables	5	1,564,156	1,517,175
Other external expenses	5	312,417	253,085
Staff costs	5	1,014,476	978,139
Profit before depreciation, amortisation, impairment losses and write-downs		**67,353**	**147,295**
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	11, 12	57,333	55,142
Special items	6	0	15,509
Operating profit		**10,020**	**76,644**
Share of profit/loss after tax in associates	13	-6,000	22,219
Financial income	7	12,450	4,696
Financial expenses	8	-45,382	-30,524
Profit/loss before tax		**-28,912**	**73,035**
Tax on profit/loss for the year	9	-24,226	11,619
NET PROFIT/LOSS FOR THE YEAR		**-4,686**	**61,416**
Distributed as follows:			
Shareholders of Dantherm A/S		-4,977	59,426
Minority interests		291	1,990
		-4,686	**61,416**
Earnings per share			
Earnings/diluted earnings per share (EPS)	10	-0.7	8.3
Proposed appropriation account			
Proposed dividend		0	6,472
Retained earnings		-4,977	52,954
Minority interests		291	1,990
		-4,686	**61,416**

Assets for the group

	Note	31.12.06	31.12.05
		DKK '000	DKK '000
Non-current assets			
Intangible assets			
Goodwill		156,053	152,470
Completed development projects		13,954	6,121
Patents and licenses		4,563	8,261
Development projects in progress		16,128	13,779
Total intangible assets	11	**190,698**	**180,631**
Property, plant and equipment			
Land and buildings		296,470	302,397
Leasehold improvements		22,041	13,938
Plant and machinery		81,439	74,988
Other plant, fixtures and fittings, tools and equipment		31,011	31,768
Prepayments and assets in progress		8,418	14,177
Total property, plant and equipment	12	**439,379**	**437,268**
Other non-current assets			
Investments in associates	13	49,219	55,219
Other securities and investments	14	5,085	2,810
Deferred tax	19	26,110	4,854
Other receivables	16	0	22,947
Other non-current assets, total		**80,414**	**85,830**
Total non-current assets		**710,491**	**703,729**
Current assets			
Inventories	15	318,362	262,939
Receivables	16	664,444	601,354
Contract work in progress	17	108,663	144,695
Income tax receivable	24	8,648	5,060
Prepayments		13,771	10,179
Cash	29	42,323	66,101
Total current assets		**1,156,211**	**1,090,328**
TOTAL ASSETS		**1,866,702**	**1,794,057**

Equity and liabilities for the group

	Note	31.12.06	31.12.05
		DKK '000	DKK '000
Equity			
Share capital	18	359,528	359,528
Reserve for hedging transactions		855	0
Reserve for foreign currency translation adjustment		5,622	11,034
Reserve for financial assets held for sale		707	0
Retained earnings		125,095	129,023
Proposed dividend		0	6,472
The Dantherm A/S shareholders' share of equity		491,807	506,057
Minority interests		19,442	19,151
Total equity		**511,249**	**525,208**
Liabilities			
Non-current liabilities			
Deferred tax	19	323	8,856
Pensions and similar obligations	20	10,798	32,664
Provisions	21	8,064	11,769
Credit institutions	22	290,007	303,986
Total non-current liabilities		**309,192**	**357,275**
Current liabilities			
Provisions	21	27,355	28,403
Credit institutions	22	371,921	317,327
Contract work in progress	17	117,507	79,019
Trade payables and other payables	23	526,806	484,756
Income tax payable	24	2,672	316
Deferred income		0	1,753
Total current liabilities		**1,046,261**	**911,574**
Total liabilities		**1,355,453**	**1,268,849**
TOTAL EQUITY AND LIABILITIES		**1,866,702**	**1,794,057**
Contingent liabilities	25		
Collateral	26		
Contractual obligations	27		
Notes without reference	28, 30, 31		

Consolidated statement of changes in equity

	Shareholders of Dantherm A/S							
	Share capital	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Reserve for financial assets held for sale	Retained earnings	Proposed dividend	Minority interests	Total
Equity as at 1 January 2005	**333,333**	**-1,532**	**306**	**0**	**52,582**	**6,500**	**17,161**	**408,350**
Changes in equity in 2005								
Foreign currency translation adjustment,								
foreign enterprises	0	0	10,728	0	0	0	0	10,728
Value adjustment of hedging instruments, end of year	0	2,188	0	0	0	0	0	2,188
Tax on value adjustment of hedging instruments	0	-656	0	0	0	0	0	-656
Net gains recognised directly in equity	**0**	**1,532**	**10,728**	**0**	**0**	**0**	**0**	**12,260**
Net profit for the year	0	0	0	0	52,954	6,472	1,990	61,416
Total income	**0**	**1,532**	**10,728**	**0**	**52,954**	**6,472**	**1,990**	**73,676**
Dividend, treasury shares	0	0	0	0	69	0	0	69
Dividend paid to shareholders	0	0	0	0	0	-6,500	0	-6,500
Sale of treasury shares	0	0	0	0	4,484	0	0	4,484
Capital increase	26,195	0	0	0	18,934	0	0	45,129
Total changes in equity in 2005	**26,195**	**1,532**	**10,728**	**0**	**76,441**	**-28**	**1,990**	**116,858**
Equity as at 31 December 2005	**359,528**	**0**	**11,034**		**129,023**	**6,472**	**19,151**	**525,208**
Equity as at 1 January 2006	**359,528**	**0**	**11,034**	**0**	**129,023**	**6,472**	**19,151**	**525,208**
Changes in equity in 2006								
Reclassification	0	-1,008	0	0	1,008	0	0	0
Foreign currency translation adjustment,								
foreign enterprises	0	0	-6,187	0	0	0	0	-6,187
Value adjustment of hedging instruments, end of year	0	2,587	0	707	0	0	0	3,294
Tax on changes in equity	0	-724	775	0	0	0	0	51
Tax on value adjustment of hedging instruments	0	0	0	0	0	0	0	0
Net gains recognised directly in equity	**0**	**855**	**-5,412**	**707**	**1,008**	**0**	**0**	**-2,842**
Net profit/loss for the year	0	0	0	0	-4,977	0	291	-4,686
Total income	**0**	**855**	**-5,412**	**707**	**-3,969**	**0**	**291**	**-7,528**
Dividend, treasury shares	0	0	0	0	13	0	0	13
Dividend paid to shareholders	0	0	0	0	0	-6,472	0	-6,472
Sale of treasury shares	0	0	0	0	28	0	0	28
Capital increase	0	0	0	0	0	0	0	0
Total changes in equity in 2006	**0**	**855**	**-5,412**	**707**	**-3,928**	**-6,472**	**291**	**-13,959**
Equity as at 31 December 2006	**359,528**	**855**	**5,622**	**707**	**125,095**	**0**	**19,442**	**511,249**

Consolidated cash flow statement

	Note	2006 DKK '000	2005 DKK '000
Profit/loss before tax		**-28,912**	**73,035**
Adjustment for non-cash operating items etc.:			
Depreciation, amortisation, impairment losses and write-downs		57,333	95,142
Negative goodwill		0	-68,643
Other operating items, net		2,587	6,224
Share of profit/loss after tax in associates		6,000	-22,219
Provisions		-26,619	3,610
Financial income		-12,450	-4,696
Financial expenses		45,382	30,524
Cash flow from primary operations before changes in working capital		**43,321**	**112,977**
Change in inventories		-49,263	-20,341
Change in receivables		-30,019	-239,689
Change in trade payables etc.		100,899	135,489
Cash flow from primary operations		**64,938**	**-11,564**
Interest income received		12,450	4,696
Interest expenses paid		-38,088	-21,579
Cash flow from ordinary operations		**39,300**	**-28,447**
Income tax paid		-6,744	-15,148
Cash flow from operating activities		**32,556**	**-43,595**
Purchase of intangible assets		-18,504	-15,007
Purchase of property, plant and equipment		-60,851	-56,167
Purchase of financial assets		-1,568	0
Sale of intangible assets		130	0
Sale of property, plant and equipment		28,953	24,103
Sale of financial assets		0	711
Acquisition of subsidiaries and activities	28	-8,394	-190,196
Cash flow from investing activities		**-60,234**	**-236,556**
Loan financing:			
Lease payments in respect of assets held under finance leases		-22,678	-15,674
Proceeds from the arrangement of non-current liabilities		1,825	128,892
Repayment of non-current liabilities		-37,759	-19,954
Sale of treasury shares		28	4,484
Shareholders:			
Dividend paid		-6,459	-6,431
Cash flow from financing activities		**-65,043**	**91,317**
Cash flow for the year		**-92,721**	**-188,834**
Cash and cash equivalents, beginning of year		-197,874	-13,048
Market value adjustment of cash and cash equivalents		-4,321	4,008
Cash and cash equivalents, end of year		**-294,916**	**-197,874**
Cash, end of year, comprises:			
Cash	29	42,323	66,101
Short-term bank debt	29	-337,239	-263,975
Cash and cash equivalents, end of year		**-294,916**	**-197,874**

For a description of financial resources, please see
the management's review on page 26.

1. Accounting policies for the group

Dantherm A/S is a public limited company domiciled in Denmark. The annual report for the period 1 January - 31 December 2006 comprises the consolidated financial statements of Dantherm A/S and its subsidiaries (the group) as well as separate financial statements of the parent in accordance with the requirements of the Danish Financial Statements Act (*Årsregnskabsloven*).

The 2006 annual report of Dantherm A/S has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. the Copenhagen Stock Exchange disclosure requirements for annual reports of listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

Basis of preparation

The annual report is presented in DKK rounded off to the nearest DKK '000.

The annual report has been prepared according to the historical cost principle, except for the following assets and liabilities, which are measured at fair value: Derivatives and any financial instruments in the trading portfolio and any financial instruments classified as held for sale.

Any non-current assets and disposal groups held for sale are measured at the lower of carrying amount before the changed classification and fair value less selling costs.

The accounting policies, which are described below, have been applied consistently during the financial year and in relation to the comparative figures.

The accounting policies have been applied consistently with last year.

Implementation of new and changed standards

The 2006 annual report has been prepared in accordance with new and changed standards (IFRS/IAS) applicable for the financial year commencing on 1 January 2006 or later. The implementation of the new and changed standards in the 2006 annual report affects the following areas:

- Recognition and measurement of financial assets and liabilities at fair value in the income statement.

For Dantherm, the change to IAS 39, Financial Instruments: Recognition and Measurement, has meant that the continuous adjustment to fair value of securities must be recognised directly in equity and not, as previously, in the income statement. The group has already implemented the changed IAS 39 as of 1 January 2005.

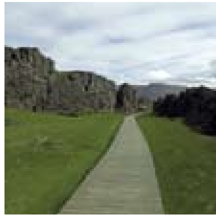
Dantherm has chosen to maintain the so-called corridor method for the treatment of actuarial gains and losses on defined pension plans, even though the changed IAS 19, Employee Benefits, allows for actuarial gains and losses to be recognised directly in equity.

New accounting regulation

As at 31 December 2006, standards and interpretations adopted, but not yet applicable, comprise IFRS 7 and 8 as well as IFRIC 7, 8, 9 and 10. These are not mandatory for Dantherm A/S in connection with the preparation of the 2006 consolidated financial statements. IFRIC 8, 9 and 10 have not yet been adopted by the EU.

The implementation of the above-mentioned standards and interpretations is not expected to give rise to any material changes to the figures in the consolidated financial statements (recognition and measurement).

Description of accounting policies



Consolidated financial statements

The consolidated financial statements cover the parent, Dantherm A/S and subsidiaries in which Dantherm A/S has a controlling influence on the financial and operational policies of such enterprise with a view to obtaining a return or other advantages from its activities. A controlling interest is obtained by directly or indirectly owning or controlling more than 50 per cent of the voting rights or in any other way control the company in question.

Companies in which the group has a substantial, but not controlling influence, are considered to be associates. A controlling interest is typically obtained by directly or indirectly owning or controlling more than 20 per cent but less than 50 per cent of the voting rights. Potential voting rights are taken into account in the assessment of whether Dantherm A/S has a controlling or substantial influence.

A group chart is shown on page 6.

The consolidated financial statements are prepared as a summary of the parent's and the individual subsidiaries' financial statements determined according to the group's accounting policies, eliminating intragroup income and expenses, shareholdings, balances and dividend as well as realised and unrealised gains on transactions between the consolidated enterprises. Unrealised gains on transactions with associates are eliminated in proportion to the group's ownership share in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains in so far as no impairment has occurred.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of identifiable net assets and recognised contingent liabilities at the acquisition date.

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The minority shareholders' share of the profit/loss for the year and of the equity in subsidiaries which are not wholly owned are recognised as part of the group's results and equity, respectively, but are listed separately.

Business combinations

Newly acquired or newly founded companies are recognised in the consolidated financial statements as from the date of acquisition. Divested or discontinued companies are recognised in the consolidated income statement up until the time of divestment or discontinuation. Comparative figures are not adjusted for newly acquired, divested or discontinued companies.

In the event of an acquisition of new companies in which the parent obtains a controlling influence, the purchase method is used. The identifiable assets, liabilities and contingent liabilities of the acquired companies are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or originate from a contractual right, and the fair value of such assets can be calculated reliably. Deferred tax on the reassessments is recognised.

The date of acquisition is the date at which the parent actually gains control of the acquired company.

For business combinations implemented on 1 January 2004 or later, the positive difference (goodwill) between the cost of the company and the fair value of the acquired identifiable assets, liabilities and contingent liabilities is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested annually for impairment. The first impairment test is carried out before the end of the year of acquisition. At the time of acquisition, goodwill is transferred to the cash-generating units which subsequently form the basis of an impairment test. Goodwill and fair value adjustments relating to the acquisition of a foreign unit using another functional currency than the Dantherm group's presentation currency are treated as assets and liabilities belonging to the foreign unit and translated to the functional currency of the foreign unit at the exchange rate applicable at the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

For business combinations implemented before 1 January 2004, the accounting classification of the business combination is maintained according to the previous accounting policies. The accounting treatment of business combinations implemented before 1 January 2004 have not been revised in connection with the opening balance sheet as at 1 January 2004. Goodwill as at 1 January 2004 has therefore been recognised on the basis of the cost recognised according to the previous accounting policies (the Danish Financial Statements Act and Danish accounting standards) less amortisation and impairment until 31 December 2003. Goodwill is not amortised after 1 January 2004.

The cost of a company consists of the fair value of the agreed consideration plus expenses directly attributable to the acquisition. If parts of the consideration are conditional upon future events, these parts are recognised in the consideration in so far as the events are likely to occur and the consideration can be measured reliably.

If, at the date of acquisition, there is uncertainty about the measurement of acquired identifiable assets, liabilities and contingent liabilities, the first recognition is made on the basis of temporarily calculated fair values. If these identifiable assets, liabilities and contingent liabilities subsequently prove to have a different fair value at the date of acquisition than first anticipated, goodwill is adjusted until 12 months after the acquisition. The effect of the adjustments is recognised in equity at the beginning of the year, and comparative figures are adjusted. Goodwill is then solely adjusted as a result of changes in the estimated contingent consideration, unless there are any material errors. However, a subsequent realisation of the deferred tax assets of the acquired company, which were not recognised at the date of acquisition, entails recognition of the tax benefit in the income statement as well as a write down of the carrying amount of goodwill to the amount that would have been recognised if the deferred tax asset had been recognised as an identifiable asset at the date of acquisition.

Gains or losses from the divestment or discontinuation of subsidiaries and associates are calculated as the difference between the selling price or the disposal consideration and the carrying value of net assets, including goodwill at the time of the sale as well as the costs of the sale or divestment.

Foreign currency translation

A functional currency is determined for each of the reporting companies in the group. The functional currency is the currency which is used in the primary financial environment in which the individual reporting company operates. Transactions in other currencies than the functional currency are foreign currency transactions.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency using the exchange rate applicable at the transaction date. Exchange rate differences arising between the exchange rate applicable at the transaction date and the exchange rate applicable at the date of payment are recognised in the income statement under financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rate applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and the exchange rate applicable at the date at which the receivable or payable arose or the exchange rate applied in the latest annual report, is recognised in the income statement under financial income or expenses.

On recognition in the consolidated financial statements of foreign companies with a functional currency which differs from Dantherm A/S' presentation currency, the income statements are translated using the exchange rate applicable at the transaction date, and the balance sheet items are translated using the exchange rates applicable at the balance sheet date. The average exchange rates for the individual months are used as the exchange rate applicable at the transaction date in so far as this does not alter the picture significantly. Foreign exchange differences arising from the translation of the equity of foreign companies at the beginning of the year using the exchange rates applicable at the balance sheet date and the translation of income statements from the exchange rates applicable at the transaction date using the exchange rates applicable at the balance sheet date are recognised directly in equity.

Foreign currency translation adjustment of balances with foreign companies, which are considered to be part of the total net investment in the company concerned, are recognised directly in equity in the consolidated financial statements, provided that the balance is denominated in the functional currency of the parent or the foreign company.
In the event of full or partial divestment of foreign units or in the event of repayment of balances which are considered to be part of the net investment, the share of the accumulated foreign currency translation adjustments, which are recognised directly in equity and which may be attributable thereto, is recognised in the income statement along with any gains or losses resulting from the divestment.

Derivative financial instruments
Derivative financial instruments are recognised as from the trading day and are measured in the balance sheet at fair value. The fair value of derivative financial instruments is included in other receivables under current assets (positive fair values) and other payables under current liabilities (negative fair values), respectively, and a set-off of positive and negative values is only made when the company is entitled to and intends to settle several financial instruments net.

Changes in the part of the fair value of derivative financial instruments which are classified as and meet the conditions for hedging future cash flows and which effectively hedge changes in the value of the hedged item are recognised in equity under a separate reserve for hedging transactions. When the hedged transaction is realised, gains and losses resulting from such hedging transactions are transferred from equity and recognised in the same item as the hedged item.

For derivative financial instruments that do not meet the conditions for treatment as hedging instruments, changes in the fair value are recognised continuously in the income statement under financial items.

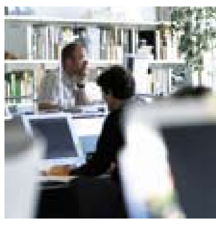
Income statement

Revenue
Revenue from the sale of goods for resale and manufactured goods is recognised in the income statement, provided that the risk has passed to the buyer before the end of the year and provided that the income can be measured reliably and is expected to be received.

Revenue concerning services, including the sale of service, is recognised according to invoicing at the time of the service visit. Revenue is measured at fair value excluding VAT and taxes levied on behalf of a third party less rebates and discounts. Generally, the Dantherm group does not accept return goods, so no provisions are made for return goods.

Contract work in progress, where services with a high degree of individual adaptation are delivered, is recognised in revenue as performed whereby revenue corresponds to the selling price of the work performed during the year (the production method). Revenue is recognised when the total income and expenses and the stage of completion of the contract at the balance sheet date can be calculated reliably, and when it is probable that economic benefits, including payment, will flow to the group.

Special items
Special items comprise significant non-recurring items that typically did not exist in previous years and are not expected to exist in the coming financial years, and/or items of a special nature which are not part of the parent's ordinary operations.



Profit/loss from investments in associates in the consolidated financial statements
The proportionate share of the associates' profit/loss after tax and minority interests and after elimination of the proportionate share of intercompany gains and losses is reco gnised in the consolidated income statement.

Financial income and expenses
Financial income and expenses comprise interest, capital gains and losses as well as write-downs of securities, payables and foreign currency transactions, amortisation of financial assets and liabilities as well

as allowances and compensation under the tax prepayment scheme etc. Financial income and expenses also comprise realised and unrealised gains and losses concerning derivative financial instruments which cannot be classified as hedging agreements.

Tax on profit/loss for the year

The company is covered by the Danish rules on compulsory joint taxation of the Dantherm group's Danish companies. Subsidiaries are included in the joint taxation from the time of their inclusion in the consolidation in the consolidated financial statements until the time of their withdrawal from the consolidation. The company is an administration company for the joint taxation, settling all payments of income tax with the tax authorities.

The current Danish income tax is allocated by settling joint taxation contributions between the jointly taxed companies in relation to their taxable income. Companies using taxable losses in other companies pay a joint taxation contribution to the parent corresponding to the tax value of the utilised losses, while companies whose tax losses are used by other companies receive a joint taxation contribution from the parent corresponding to the tax value of the utilised losses (full allocation).

Tax for the year which consists of the current income tax for the year, the joint taxation contribution for the year and change in deferred tax – also as a result of a change in the tax rate – is recognised in the income statement with the proportion attributable to the net profit/loss for the year and directly to equity with the proportion attributable to entries directly to equity.

Assets

Intangible assets

Goodwill

Goodwill is recognised at cost on first recognition in the balance sheet as described under "Business combination". Goodwill is subsequently measured at cost less accumulated write-downs. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the group's cash-generating units at the date of acquisition.

The determination of cash-generating units follows the management structure and internal financial management.

Development projects, patents and licenses

Clearly defined and identifiable development projects where the technical degree of utilisation, adequate resources and a potential future market or use in the company can be demonstrated, and where the intention is to produce, market or use the project, are recognised as intangible assets, provided that the cost can be calculated reliably and there is sufficient certainty that future earnings or the net selling price can cover the production, sales and administration costs as well as the development costs. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Cost comprises salaries, amortisation and other costs which are attributable to the company's development activities. Financing costs are not included in the cost. Grants relating to development projects are deducted from the incurred costs.

Upon completion of the development work, development projects are amortised according to the straight-line method over the estimated useful life. The amortisation period is three years. The basis of amortisation is also reduced by any impairment.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents and licences are amortised according to the straight-line method over the shorter of the remaining patent or agreement period and their useful lives – however maximum three years. The basis of amortisation is reduced by any impairment.

Property, plant and equipment

Land and buildings, leasehold improvements, plant and machinery as well as other plant, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for use. For internally manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and wages and salaries. Financing costs are not included in the cost.

The lease of assets, where the group obtains actual benefits and risks associated with the ownership of an asset, is activated as financially leased assets. The cost is calculated at the lower value of the assets' fair value and the present value of the future minimum lease payments. For calculating the present value, the internal rate of interest of the lease or an approximation of this value is used as the discount rate. The corresponding financial lease commitments are recognised under liabilities.

Lease costs concerning operating leases are recognised continuously in the income statement over the lease period.

Subsequent costs relating to the replacement of components of property, plant and equipment, for example, are included in the carrying amount of the asset concerned when it is probable that the incurrence will bring future financial benefits to the group. The carrying amount of the replaced components ceases upon recognition in the balance sheet and is transferred to the income statement. All other costs of ordinary repair work and maintenance are recognised in the income statement as incurred.

Property, plant and equipment are depreciated according to the straight-line method over the assets' expected useful lives which are:

Building components	15-30 years
Leasehold improvements	5 years
Plant and machinery	3-8 years
Other plant, fixtures and fittings, tools and equipment	3-7 years

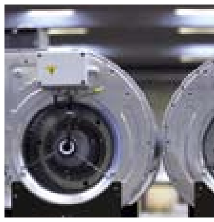
Land is not depreciated.

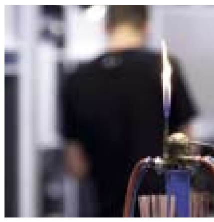
The basis of depreciation is determined taking into account the residual value of the asset and is reduced by any impairment. The residual value is determined at the date of acquisition and reassessed on an annual basis. If the residual value exceeds the carrying amount of the asset, depreciation ceases.

In the event that the depreciation period or the residual value is changed, the depreciation effect is recognised prospectively as a change in the accounting estimate.

Investments in associates
Investments in associates are measured in the consolidated financial statements according to the equity method whereby the investments are measured in the balance sheet at the proportionate share of the companies' equity value calculated according to the group's accounting policies less or plus the proportionate share of unrealised intra-group gains and losses plus the carrying amount of goodwill.

Securities
Securities which are not included in the group's trading portfolio (held for sale) are recognised at cost under non-current assets on the trading day and subsequently measured at fair value corresponding to the share price of listed securities and at an estimated fair value calculated on the basis of market data and recognised valuation methods for unlisted securities. Unrealised value adjustments are recognised directly in equity, except for impairment losses resulting from impairment and reversal thereof. Upon realisation, the accumulated value adjustment recognised in equity is transferred to net financials in the income statement.





Impairment of non-current assets
Goodwill and intangible assets with undefinable useful lives are tested at least once a year for impairment. Development projects in progress are also tested for impairment.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill has been allocated and is impaired to the recoverable amount in the income statement if the carrying amount is higher. The recoverable amount is usually calculated as the present value of the expected future cash flows from the company or activity (cash-generating unit) to which goodwill is attached. Impairment of goodwill is recognised under special items in the income statement.

Deferred tax assets are assessed on an annual basis and are only recognised to the extent that it is probable that they will be utilised.

The carrying amount of other non-current assets are assessed on an annual basis to determine whether there is any indication of impairment. If this is the case, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the asset's fair value less the expected costs of disposal and value in use. The value in use is calculated as the present value of the expected future cash flows from the asset or the cash-generating unit which the asset is a part of.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under the item to which the impairment relates. Impairment of goodwill is recognised under special items in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed to the extent that there have been changes to the conditions and estimates leading to the impairment. Impairment is only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount which the asset would have had after depreciation or amortisation had it not been impaired.

Inventories
Inventories are measured at cost in accordance with the FIFO method. If the net realisable value is lower than the cost, this is impaired to the lower value.

The cost of goods for resale and raw materials and auxiliary materials comprises the acquisition price plus delivery costs.

The cost of manufactured goods and work in progress comprises the cost of raw materials, auxiliary materials, direct labour costs and indirect production costs. Indirect production costs comprise indirect materials and wages and salaries as well as the maintenance and depreciation of the machinery, factory buildings and equipment used in the production process as well as factory management and management costs.

The net realisable value of inventories is calculated as the selling price less completion costs and costs incurred to make the sale and is fixed with due regard to negotiability, obsolescence and developments in the expected selling price.

Receivables
Receivables are measured at amortised cost less estimated loss risks according to an individual assessment.

Contract work in progress
Contract work in progress is measured at the selling price of work performed less on-account invoices and any expected losses.

The selling value is measured on the basis of the stage of completion of the contract at the balance sheet date and the total expected income from the work in progress. The stage of completion of the contract is determined on the basis of an assessment of the work performed.

When it is probable that the total contract costs of a construction contract will exceed the total contract revenue, the expected loss, including a proportionate share of the indirect costs of the construction contract, is immediately expensed.

When the selling price of a construction contract cannot be calculated reliably, the selling price is measured at the actual costs incurred to the extent that it is probable that they will be recovered.

Work in progress where the selling price of the work performed exceeds on-account invoices and expected losses is recognised under receivables. Work in progress where on-account invoices and expected losses exceed the selling price is recognised under liabilities.

Prepayments from customers are recognised under liabilities.

Costs related to sales work and the securing of contracts are recognised in the income statement as incurred.

Prepayments
Prepayments recognised under assets comprise costs paid in respect of subsequent financial years.

Equity

Dividend
Proposed dividend is recognised as a liability at the time of adoption at the annual general meeting (the time of declaration). Expected dividend payable for the year is shown as a separate item under equity.

Treasury shares
Acquisition prices and consideration as well as dividend on treasury shares are recognised directly in retained earnings in equity.

Reserve for hedging transactions
Reserve for hedging transactions includes the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows and where the hedged transaction has not yet been realised.

Reserve for foreign currency translation adjustment
Reserve for foreign currency translation adjustment in the consolidated financial statements comprises currency translation differences arising from the translation of financial statements of foreign companies from their functional currencies to the Dantherm group's presentation currency (Danish kroner).

In the event of full or partial realisation of the net investment, the foreign currency translation adjustments are recognised in the income statement.

Reserve for financial assets held for sale
Unrealised value adjustments of financial assets held for sale are recognised directly in equity, except for impairment losses resulting from impairment and reversal thereof. Upon realisation, the accumulated value adjustment recognised in equity is transferred to net financials in the income statement. Reserve for financial assets held for sale is part of the distributable reserves.

Liabilities

Pension obligations
The group has made pension agreements and similar agreements with the majority of the employees of the group.

Liabilities concerning defined contribution plans are included in the income statement in the period in which they are earned, and payments due are included in the balance sheet under other payables.

For defined benefit plans, an annual actuarial calculation is made of the value in use of future benefits to be paid under the plan. The value in use is

calculated on the basis of assumptions of the future development in the wage/salary level, interest rate, inflation and mortality, among other things.

The value in use is solely calculated for the benefits earned by the employees through their previous employment in the group. The actuarially calculated value in use less the fair value of any assets attached to the plan is included in the balance sheet under pension obligations, cf. however, below.

Differences between the expected development of pension assets and obligations and the realised values are considered to be actuarial gains or losses. In connection with the transition to IFRS, accumulated actuarial gains and losses were fully recognised in the opening balance sheet as at 1 January 2004. If subsequent accumulated actuarial gains or losses at the beginning of a financial year exceed the larger numerical value of 10 per cent of the pension obligations and of 10 per cent of the fair value of the pension assets, the surplus amount is recognised in the income statement over the concerned employees' expected average remaining duration of employment in the company. Actuarial gains/losses that do not exceed the above-mentioned limits are not recognised in the income statement or the balance sheet, but are stated in the notes.

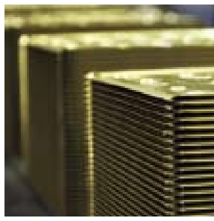
Any change in contributions that concern the employees' previous employment in the company results in a change in the actuarially calculated value in use, which is regarded as a historic cost. Historical costs are expenses immediately if the employees already have obtained the right to the changed benefit. Otherwise, they are recognised in the income statement over the period during which the employees obtain the right to the changed benefit.

If a net contribution plan is an asset, the asset is only recognised to the extent that it corresponds to non-recognised actuarial losses, future repayments from the plan or leads to reduced future payments to the plan.

Current tax and deferred tax
According to the joint taxation rules, Dantherm A/S, being an administration company, assumes liability for the subsidiaries' income taxes to the tax authorities as the subsidiaries pay their joint taxation contributions.

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax of the taxable income for the year, adjusted for tax on previous years' taxable income and for on-account taxes paid. Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured using the balance sheet liability method on the basis of all temporary differences between the carrying amount and tax base of assets and liabilities. However, no recognition is made of deferred tax on temporary differences concerning non-amortisable goodwill and office properties for tax purposes and other items where temporary differences – except for acquisitions – have occurred at the date of acquisition without influencing the result or the taxable income. In cases where the tax value can be calculated according to several taxation rules, the deferred tax is measured on the basis of the use of the asset or the discontinuation of the obligation planned by the management.



Deferred tax assets, including the tax value of tax losses allowed for carry-forward, are recognised under other non-current assets at the value at which they are expected to be used, either by an off-set against tax on future earnings or by a set-off against deferred tax liabilities within the same legal tax unit and jurisdiction.

An adjustment is made of deferred tax concerning eliminations of unrealised intragroup gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries which will be applicable under the legislation in force at the balance sheet date when the deferred tax is expected to become current tax.

Provisions
Provisions primarily comprise warranty commitments and restructuring obligations. Provisions are recognised when the group, following an event occurring before or on the balance sheet date, has a legal or constructive obligation, the settlement of which is likely to result in an outflow from the company of economic benefits and the size of the amount can be estimated reliably. In this context,

the Dantherm group prepares an estimate based on the most likely outcome of the matter. In the event that a reliable estimate cannot be prepared, such matters are recognised as a contingent liability.

Warranty commitments are recognised in step with the sale of goods and services on the basis of warranty costs incurred in previous financial years.

Restructuring costs are recognised as liabilities when a detailed, formal restructuring plan has been made available to the stakeholders affected by the plan no later than at the balance sheet date.

A provision is recognised in respect of onerous contracts when the expected benefits of a contract for the group are smaller than the inevitable costs related to the contract (onerous contracts).

Financial liabilities
Payables to credit institutions etc. are recognised at the date of borrowing at the net proceeds less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, using the effective rate of interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial costs over the term of the loan.

Financial liabilities also comprise the capitalised remaining lease obligation concerning finance leases measured at amortised cost.

Other liabilities are measured at amortised cost.

Deferred income
Deferred income recognised under liabilities comprise payments received in respect of income in subsequent financial years.

Cash flow statement

The cash flow statement shows the cash flows for the year divided into cash flows from operating activities, investing activities and financing activities for the year, changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and end of the year.

The effect on cash flow from the acquisition and divestment of enterprises are recognised separately under cash flows from investing activities. In the cash flow statement, cash flows relating to acquired enterprises are recognised as from the time of acquisition, and cash flows relating to divested enterprises are recognised until the time of divestment.

Cash flow from operating activities
Cash flows from operating activities are calculated according to the indirect method as the profit or loss before tax adjusted for non-cash operating items, changes in working capital, interest paid and income tax paid.

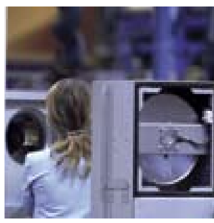
Cash flow from investing activities
Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises and activities, the purchase and sale of intangible assets, property, plant and equipment and other non-current assets as well as the purchase and sale of securities not recognised as cash and cash equivalents.

Cash flow from financing activities
Cash flows from financing activities comprise changes to the size and composition of share capital and costs incidental thereto as well as the arrangement of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividend to shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise cash, short-term bank debt and securities with a term to maturity of less than three months which can easily be converted into cash and to which only an immaterial risk of value changes attaches.

Segment information

Information is provided on business segments, which is the group's primary segment format, and geographical markets, which is the secondary format. The segments follow the group's risks as well as its management and internal financial management. The segment information has been prepared in accordance with the accounting policies applied by the group.



Segment income and expenses as well as segment assets and liabilities comprise the items which are directly attributable to the individual segment as well as the items which can be reliably allocated to the individual segment. Non-allocated items primarily comprise assets and liabilities as well as income and expenses in respect of the group's administrative functions, investing activities, income taxes etc.

Assets in the segment comprise the assets which are used directly for the operations of the segment, i.e. typically all assets except for securities and cash and cash equivalents.

Segment liabilities comprise liabilities derived from the operations of the segment, including trade payables and other payables.

Ratios

The financial highlights for 2002-2003 have not been restated in accordance with the changed accounting policies in 2005 and thus correspond to the finan cial highlights in the 2004 annual report. The corrections which would be necessary to restate the comparative figures in the overview of financial highlights for 2002-2003 in accordance with IFRS correspond to the corrections made to the opening balance sheet as at 1 January 2004, cf. the description in the 2005 annual report.

The ratios have been prepared in accordance with "Recommendations and Financial Ratios 2005" from the Danish Society of Financial Analysts (*Den Danske Finansanalytikerforening*) and are calculated as follows:

Financial ratios:

Growth rate	$\dfrac{\text{Change in revenue x 100}}{\text{Last year's revenue}}$
Profit margin (EBIT %)	$\dfrac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$
Invested capital incl. goodwill	Equity + minority interests + interest-bearing net debt - investments in associates - securities
Return on invested capital before tax (ROIC)	$\dfrac{\text{Operating profit/loss before amortisation of goodwill (EBITA) x 100}}{\text{Average invested capital incl. goodwill}}$
Equity interest	$\dfrac{\text{Equity excl. minority interests at year-end x 100}}{\text{Total equity and liabilities at year-end}}$

Share-related ratios:

Earnings per share (EPS)	$\dfrac{\text{The group's share of net profit/loss for the year}}{\text{Average number of shares}}$
Cash flow per share (CFPS)	$\dfrac{\text{Total cash flows for the year}}{\text{Average number of shares}}$
Dividend per share	$\dfrac{\text{Proposed dividend to shareholders}}{\text{Average number of shares}}$
Equity value at year-end	$\dfrac{\text{Equity excl. minority interests at year-end}}{\text{Number of shares at year-end}}$
Price/equity value at year-end	$\dfrac{\text{Share price at year-end}}{\text{Equity value at year-end}}$
Price/Earnings (P/E)	$\dfrac{\text{Share price at year-end}}{\text{The group's share of net profit/loss for the year per share}}$

2. Accounting estimates and assessments

On the calculation of the carrying amount of certain assets and liabilities, an estimate is required of how future events will affect the value of such assets and liabilities at the balance sheet date.

The management bases its estimates on historical experience and a number of other assumptions which are deemed to be reasonable under the given circumstances. These assumptions may be incomplete or inaccurate, and unexpected events or cir cumstances may occur. Moreover, the company is exposed to risks and uncertainties which may cause the actual results to deviate from these estimates.

As part of the accounting policies applied by the group, the management performs assessments, in addition to estimates, which may have a significant impact on the amounts recognised in the annual report.

The management of Dantherm A/S considers the following estimates and assessments to be material to the financial reporting – also as part of the accounting policies applied by the group.

Goodwill
The carrying amount of goodwill is, as a minimum, tested for impairment once a year together with the other non-current assets in the cash-generating unit to which goodwill has been allocated.

The value is calculated as the present value of the expected future net cash flows from the enterprise to which goodwill is related and on the basis of the budget for 2007, strategy figures for 2008-2010 as well as on a terminal value. Naturally, the estimate of the expected cash flows for several years in the future is subject to some uncertainty.

See note 11 for a description of the impairment test carried out on intangible assets.

Development projects
The carrying amount of development projects in progress is, as a minimum, tested for impairment once a year and impaired to the recoverable amount in the income statement if the carrying amount exceeds the present value of the expected future net cash flows from the development work.

The future net cash flows are estimated by the project manager, the person responsible for sales and a representative from the finance function and are, of course, subject to some uncertainty.

Acquisition of subsidiaries
In the event of an acquisition of new companies in which the parent obtains a controlling influence, the purchase method is used. The identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or originate from a contractual right, and the fair value of such assets can be measured reliably. In so far as it is possible, the fair value is verified by several independent external parties.

Provisions
The group has warranty commitments in respect of goods and plant sold with a warranty of 1 to 5 years. The commitment has been calculated on the basis of historical warranty costs and is subject to some uncertainty due to the dependence on future events.

Use of the production method
The group has concluded a large number of contracts which are treated according to the production

method in the financial statements.
On the conclusion of a contract, it is assessed whether the contract fulfils the criteria laid down for recognition in accordance with the production method. This assessment is, to some extent, of a subjective nature.

Contracts treated according to the production method contain an on-account profit fixed on the basis of an assessment of the expected profit on the project and the stage of completion. The on-account profit is fixed by the project manager together with the finance function. To some extent, the assessment of the on-account profit depends on future events and is therefore subject to some uncertainty.

Inventories
As part of its ordinary business, the group purchases materials from subsuppliers for processing within the group with a view to meeting the expected customer demand. It may sometimes be difficult to purchase the right materials to meet future customer demands, for which reason situations may occur where demand for materials purchased or manufactured for the inventory is no longer expected. Consequently, write-downs for obsolescence are made in respect of inventories. Write-downs of inventories are made on the basis of historical scrappings due to obsolescence as well as of knowledge of and estimates in relation to goods with slow marketability.

The value of future scrappings or losses on sales at net realisable value may deviate from the write-downs made, but the management assesses that the estimates made in respect of obsolescence are reasonable and expedient.

Recognition of deferred tax assets
In 2006, the group recognised significant deferred tax assets in respect of previous years. In connection with the recognition of deferred tax assets, a separate assessment is made of whether it is expected that the asset can be set off against tax on future earnings or against deferred tax liabilities. The assessment is based on the companies' budget for 2007 and strategy plan for 2008-2010 and is subject to the rules on limitation in the relevant country. Naturally,

Notes for the group

3. Segment information

The Dantherm group is an important international player on the global market for industrial air handling.
The group offers products, solutions, installation and service within the most important areas of industrial air handling.

Its business activities are divided into the following three business segments:

Products for air handling:	The Dantherm Air Handling group and the T&O Stelectric group
Comfort ventilation & engineering:	The Glenco group
Process ventilation:	The Dantherm Filtration group

The division into business segments corresponds to that of the internal financial management and that of the management.

Activities – primary segment 2006	DKK '000	**Products for air handling**	**Comfort ventilation & engineering**	**Process ventilation**	**Not allocated**	**Total segments**
	Revenue	908,366	975,623	1,084,254	5,893	2,974,136
	Internal revenue between segments	-6,227	-161	-3,453	-5,893	-15,734
	Revenue	902,139	975,462	1,080,801	0	2,958,402
	Operating profit/loss	20,745	-29,127	23,029	-4,627	10,020
	Share of profit/loss in associates	0	0	0	-6,000	-6,000
	Segment assets	796,951	354,303	635,254	80,194	1,866,702
	Capital expenditure	37,369	15,552	42,872	3,353	99,146
	Depreciation and amortisation	30,557	6,607	19,597	572	57,333
	Segment liabilities	176,815	254,936	262,091	661,611	1,355,453
	Investments in associates	0	0	0	49,219	49,219
	Av. no. of employees	1,026	965	1,101	8	3,100

Geographically – secondary segment 2006	DKK '000		**Denmark**	**EU countries**	**Other countries**	**Total segments**
	Revenue		1,153,138	1,257,398	547,866	2,958,402
	Segment assets		1,179,407	423,451	263,844	1,866,702
	Capital expenditure		59,139	8,423	31,854	99,146

Activities – primary segment 2005	DKK '000	**Products for air handling**	**Comfort ventilation & engineering**	**Process ventilation**	**Not allocated**	**Total segments**
	Revenue	881,934	968,446	1,061,626	7,320	2,919,326
	Internal revenue between segments	-2,731	-11,881	-2,146	-6,874	-23,632
	Revenue	879,203	956,565	1,059,480	446	2,895,694
	Operating profit/loss	70,847	-70,797	84,008	-7,414	76,644
	Share of profit/loss in associates	0	0	0	22,219	22,219
	Segment assets	703,257	387,600	569,711	133,489	1,794,057
	Capital expenditure	46,511	23,272	11,205	308	81,296
	Depreciation and amortisation	31,046	7,652	18,247	658	57,603
	Impairment losses and write-downs	770	40,000	0	0	40,770
	Segment liabilities	142,024	226,896	270,995	628,934	1,268,849
	Investments in associates	0	0	0	55,219	55,219
	Av. no. of employees	880	948	982	6	2,816

Geographically – secondary segment 2005	DKK '000		**Denmark**	**EU countries**	**Other countries**	**Total segments**
	Revenue		1,077,484	1,266,164	552,046	2,895,694
	Segment assets		1,065,831	549,975	178,251	1,794,057
	Capital expenditure		61,324	7,739	12,233	81,296

Transactions between segments are carried out at arm's length.

Notes for the group

	2006	2005
	DKK ’000	DKK ’000
4. Revenue		
Trade receivables	1,306,195	1,773,830
Sale of the year’s production under construction contracts	1,652,207	1,121,419
Rental income	0	446
	2,958,402	**2,895,694**
5. Costs		
Cost of raw materials and consumables		
Purchased supplies for the year	1,615,081	1,534,423
Change in inventories	-55,423	-20,340
Write-down of inventories for the year	11,749	10,579
Reversed write-downs of inventories	-7,251	-7,487
	1,564,156	**1,517,175**
Reversed write-downs of inventories concern goods		
which have either been sold, used for production or scrapped.		
Fees for auditors appointed by the general meeting		
Total fee for HLB	3,889	4,613
Total fee for KPMG	2,358	2,810
Total fee for other auditors	1,059	1,453
	7,306	**8,876**
The fees comprise:		
Audit	4,264	3,823
Consultancy in connection with acquisition	404	2,185
Other consultancy services	2,638	2,868
	7,306	**8,876**
Research and development costs		
Research and development costs incurred	38,763	33,704
Development costs recognised under intangible assets	-19,372	-13,778
Amortisation and impairment of development costs recognised	5,275	4,663
	24,666	**24,589**
Staff costs		
Remuneration of the Board of Directors of the parent	1,935	1,840
Wages and salaries	854,313	865,812
Defined contribution plans	46,781	48,138
Defined benefit plans	1,965	3,690
Other social security expenses	82,804	48,086
Other staff costs	26,678	10,573
	1,014,476	**978,139**
Average number of employees	3,100	2,816

Notes for the group

	2006	2005
	DKK '000	DKK '000
5. Costs, continued		
Remuneration of the Board of Directors, the Board of Executives and executive employees		
Salaries and remuneration:		
The Board of Directors of the parent	1,935	1,840
The Board of Executives of the parent	2,250	1,992
Other executive employees	8,295	12,349
	12,480	**16,181**
Pension contributions:		
The Board of Directors of the parent	0	0
The Board of Executives of the parent	225	307
Other executive employees	829	1,060
	1,054	**1,367**
Total remuneration:		
The Board of Directors of the parent	1,935	1,840
The Board of Executives of the parent	2,475	2,299
Other executive employees	9,124	13,409
	13,534	**17,548**

The remuneration of the Board of Executives comprises a fixed salary and a bonus, which is conditional upon the fulfilment of a number of objectives defined in advance. The agreement may constitute up to 30 per cent of the base pay. In 2006, the fixed salary including the value of free car amounted to DKK 2,250k. In addition, the Board of Executives of the parent has received pension contributions of DKK 225k. The Board of Executives will not receive any bonus in 2007 based on the 2006 financial year.

The Board of Directors only receives remuneration for its work. Each member of the Board of Directors receives DKK 120k. In addition to this, the Chairman and the Deputy Chairman receive an allowance of 200 and 50 per cent, respectively. In 2006, the Deputy Chairman received a further allowance of DKK 25k for the performance of extraordinary tasks. Members of the auditing and accounting committee receive an annual remuneration of DKK 30k each. In addition to this, the Chairman receives an allowance of 100 per cent.

Each of the Board members Børge Haakon Brandt, Hans Rosenkrands Olsen, Jørgen Møller-Rasmussen and Nils Rosenkrands Olsen are also members of the Board of Directors of one of the operating companies. Members of these Boards of Directors receive an annual remuneration of DKK 50k each.

Other executive employees comprise key staff outside the Board of Executives of the parent, which is responsible for the group's business segments. This key staff is limited to the Boards of Executives for the activities mentioned and comprise six persons (2005: eight persons). The company has no share option programmes etc., but is planning to implement such programmes in 2007.

Notes for the group

	2006	2005
	DKK '000	DKK '000
6. Special items		
Impairment of goodwill	0	40,000
Recognition of negative goodwill as income less transaction costs	0	-62,419
Restructuring costs	0	37,928
	0	**15,509**

Comments on the 2005 comparative figures:

Impairment of goodwill:
The unsatisfactory results generated by Glenco A/S in 2005 gave rise to a readjustment of the expectations for the future net cash flows. Use of the group's model for calculating the present value of the expected future net cash flows indicated a need for amortisation of the carrying amount of goodwill in respect of the company. Consequently, goodwill in respect of Glenco A/S was amortised from DKK 65.7m to DKK 25.7m, corresponding to an amortisation of DKK 40.0m in 2005.

Recognition of negative goodwill as income:
As can be seen from the accounting policies applied by the group, the purchase method is applied on the acquisition of new enterprises, in which the parent obtains a controlling influence. The identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or originate from a contractual right, and the fair value of such assets can be measured reliably. When comparing the fair value and carrying amount of the assets and liabilities of the companies, a number of significant deviations were identified. In particular, the carrying amount of land and buildings was significantly lower than the fair value in some companies. The market value of these assets was verified by several independent external parties. The total negative goodwill recognised as income in the 2005 financial statements amounted to DKK 62.4m.

Restructuring costs:
In connection with the integration of the companies in the Dantherm Filtration group (the former DISA Air Group) and the main activities of Siemens Technology Services, measurable restructuring costs totalling DKK 37.9m were incurred.

	2006	2005
7. Financial income		
Interest, cash and securities	3,397	2,037
Interest income from associates	5	41
Foreign exchange gains	7,541	2,218
Other financial income	1,507	400
	12,450	**4,696**
8. Financial expenses		
Interest, bank and mortgage debt etc.	37,353	26,133
Foreign currency translation adjustment and losses	8,029	1,163
Market value adjustment of and loss on securities	0	3,228
	45,382	**30,524**

Notes for the group

	2006	2005
	DKK '000	DKK '000
9. Tax		
Tax for the year can be distributed as follows:		
Tax on profit/loss for the year	-24,226	11,619
Tax on changes in equity	-51	-36
	-24,277	**11,583**
Tax on profit/loss for the year comprises:		
Current tax	5,740	12,210
Adjustment, deferred tax	-14,399	92
Adjustment of deferred tax due to changed assessment of tax assets	-15,678	1,103
Adjustment of deferred tax due to reduction of income tax rate	0	-428
Adjustment of tax, previous years	111	-1,358
	-24,226	**11,619**
Tax on profit/loss for the year comprises:		
Profit/loss before tax	-28,912	73,035
Tax rate	28%	28%
Calculated tax on profit/loss before tax	-8,095	20,450
Adjustment of calculated tax in foreign group enterprises		
relative to current tax rate	385	710
Adjustment of deferred tax due to reduction of income tax rate	0	-428
Income in foreign companies with local losses	-11,013	-2,020
Losses in foreign companies, for which the tax base is not recognised	2,870	2,628
Other taxes (not based on income)	3,530	2,757
Tax effect of:		
Non-deductible expenses and non-taxable income, net	1,984	-806
Tax effect of non-deductible amortisation of goodwill	0	11,200
Tax effect of non-taxable negative goodwill	0	-17,477
Tax effect of the share of profit/loss after tax in associates	1,680	-6,221
Change in the valuation of tax losses in addition to earnings performance	-15,678	1,979
Adjustment of tax, previous years	111	-1,153
	-24,226	**11,619**
Effective tax rate	84%	16%
10. Earnings per share		
Net profit/loss for the year	-4,686	61,416
Minority interests' share of consolidated profit/loss	-291	-1,990
The Dantherm A/S group's share of net profit/loss for the year	**-4,977**	**59,426**
Average number of shares	7,190,754	7,190,574
Average number of treasury shares	-14,526	-40,794
Average number of shares in circulation	**7,176,228**	**7,149,780**
Earnings/diluted earnings per share (EPS) of DKK 50	-0.7	8.3

Notes for the group

11. Intangible assets

DKK '000	Goodwill	Completed develop-ment projects	Patents and licenses	Development projects in progress	Total
Cost as at 1 January 2005	199,450	13,495	14,417	4,514	231,876
Foreign currency translation adjustment	-949	114	39	0	-796
Addition	0	4,513	1,229	11,920	17,662
Adjustment of earn-out	-6,031	0	0	0	-6,031
Disposal	0	-976	-52	-2,655	-3,683
Cost as at 31 December 2005	**192,470**	**17,146**	**15,633**	**13,779**	**239,028**
Amortisation and impairment losses					
as at 1 January 2005	0	7,622	2,798	0	10,420
Foreign currency translation adjustment	0	-285	-16	0	-301
Amortisation	0	3,894	4,642	0	8,536
Impairment losses	40,000	770	0	0	40,770
Amortisation and impairment losses, disposal	0	-976	-52	0	-1,028
Amortisation and impairment losses					
as at 31 December 2005	**40,000**	**11,025**	**7,372**	**0**	**58,397**
Carrying amount as at 31 December 2005	**152,470**	**6,121**	**8,261**	**13,779**	**180,631**
Cost as at 1 January 2006	192,470	17,146	15,633	13,779	239,028
Foreign currency translation adjustment	1,149	-117	-281	0	751
Addition relating to acquisition of subsidiary	1,416	0	0	0	1,416
Reclassification	0	6,743	-1,156	-5,587	0
Addition	0	9,649	2,606	8,567	20,822
Grants	0	-3,336	0	0	-3,336
Adjustment of earn-out	1,018	0	0	0	1,018
Disposal	0	-648	-235	-631	-1,514
Cost as at 31 December 2006	**196,053**	**29,437**	**16,567**	**16,128**	**258,185**
Amortisation and impairment losses					
as at 1 January 2006	40,000	11,025	7,372	0	58,397
Foreign currency translation adjustment	0	-75	-12	0	-87
Reclassification	0	-94	94	0	0
Amortisation	0	4,973	4,655	0	9,628
Impairment losses	0	0	0	0	0
Amortisation and impairment losses, disposal	0	-346	-105	0	-451
Amortisation and impairment losses					
as at 31 December 2006	**40,000**	**15,483**	**12,004**	**0**	**67,487**
Carrying amount as at 31 December 2006	**156,053**	**13,954**	**4,563**	**16,128**	**190,698**
Selling price	0	0	130	0	130
Carrying amount	0	302	130	631	1,063
Gain/loss	**0**	**-302**	**0**	**-631**	**-933**
Amortised over	-	3 years	3 years	-	-
Trademarks	1,416				

Goodwill:
As at 31 December 2006, the management carried out an impairment test of the carrying amount of goodwill. An impairment test is, as a minimum, carried out once a year if events or changed circumstances indicate that the carrying amount is higher than the recoverable amount.

Notes for the group

The factors which, according to the group, should result in an impairment test comprise:
• Significantly reduced earnings relative to historical and/or expected future results.
• Significant changes to the group's use of the assets or to the overall business strategy.
• Significant negative developments in the industry or the economy to which the goodwill value is related.

The carrying amount of goodwill as at 31 December 2006 is distributed on the cash-generating units as follows:

Dantherm Air Handling A/S	DKK 69.6m
Glenco A/S	DKK 25.7m
Kontrollelektronik AB	DKK 27.3m
T&O Stelectric A/S	DKK 27.6m
Other	DKK 5.9m
Total for the group	**DKK 156.1m**

In connection with the impairment test, the recoverable amount, corresponding to the discounted value of expected future cash flows, is compared with the carrying amount of the individual cash-generating units.

Expected future cash flows are based on the budgets and strategy plans for 2007-2010 approved by the management as well as on a terminal value. No growth factor is included in the terminal period.

The discount rate used to calculate the recoverable amount of all cash-generating units was 8 per cent before tax in 2006 and reflects the risk-free interest rate plus specific risks.

Dantherm Air Handling A/S, Kontrollelektronik AB and T&O Stelectric A/S all operate within the business segment Products for air handling. In 2006, all three companies realised earnings which were lower than expected. The management continues to have positive expectations for the companies, and the expected future cash flows are expected to exceed the carrying amount of goodwill. Thus, the impairment tests carried out did not give rise to any changed assessment of the carrying amount.

Glenco A/S is part of the business segment Comfort ventilation & engineering. In 2006, the company realised earnings which were significantly below expectations. Part of the negative results in 2006 is attributable to considerable costs incurred in connection with a restructuring of the company. Following this restructuring, positive cash flows are expected in the coming years, and thus, the impairment test carried out did not give rise to a changed assessment of the carrying amount.

Completed development projects:
Development costs comprise salaries, amortisation and other costs which are attributable to the company's development activities. Upon completion of the development work, development projects are amortised according to the straight-line method over their estimated useful lives. Significant deviations between the expected and realised sale of the developed products result in an assessment of the need for impairment.

Development projects in progress:
The group's development projects are primarily related to the business segment Products for air handling. The projects primarily concern the development of ventilation products, products based on fuel cell technology and telecommunications products.

At the end of the financial year, the need for an impairment of development projects in progress was assessed. The need for impairment is assessed on the basis of expected future net cash flows which are estimated by the project manager, the person responsible for sales and a representative from the finance function based on the business plans and budgets prepared for the most important development projects. The future expectations are based on historical experience from similar products, knowledge of customer interest and concrete order placements in connection with customised products. Naturally, such assessment is subject to some uncertainty.

The time of completion of certain development projects was postponed in 2006 due to a prioritisation of the group's resources, which did not give rise to a changed assessment of the value of the projects in question. According to the management, the sales potential for all development projects continues to be positive, and the discounted value of the expected future cash flows will exceed the carrying amount.

Notes for the group

12. Property, plant and equipment DKK '000	Land and buildings	Leasehold improve-ments	Plant and machinery	Other plant, fixtures and fittings, tools and equipment	Prepay-ments and assets in progress	Total
Cost as at 1 January 2005	231,319	3,234	116,960	69,005	482	421,000
Foreign currency translation adjustment	4,740	35	4,399	2,181	82	11,437
Addition relating to acquisition of subsidiary	147,035	853	31,622	16,819	0	196,329
Addition	12,267	14,213	14,870	11,326	14,501	67,177
Disposal	-59,552	-3,069	-10,854	-27,336	-888	-101,699
Cost as at 31 December 2005	**335,809**	**15,266**	**156,997**	**71,995**	**14,177**	**594,244**
Depreciation and impairment losses						
as at 1 January 2005	62,601	1,736	68,104	50,635	0	183,076
Foreign currency translation adjustment	1,080	24	2,708	960	0	4,772
Depreciation	13,059	1,490	21,294	13,224	0	49,067
Depreciation and impairment losses, disposal	-43,328	-1,922	-10,097	-24,592	0	-79,939
Depreciation and impairment losses						
as at 31 December 2005	**33,412**	**1,328**	**82,009**	**40,227**	**0**	**156,976**
Carrying amount as at 31 December 2005	**302,397**	**13,938**	**74,988**	**31,768**	**14,177**	**437,268**
Of which assets held under finance leases	131,232	0	27,870	776	0	159,878
Cost as at 1 January 2006	335,809	15,266	156,997	71,995	14,177	594,244
Foreign currency translation adjustment	-1,570	50	-2,059	-566	-775	-4,920
Reclassification	17,016	2,638	11,370	-2,353	-28,671	0
Addition relating to acquisition of subsidiary	0	0	700	320	0	1,020
Addition	13,238	9,315	17,866	12,001	27,264	79,684
Disposal	-22,958	-1,489	-4,572	-12,809	-3,577	-45,405
Cost as at 31 December 2006	**341,535**	**25,780**	**180,302**	**68.588**	**8,418**	**624,623**
Depreciation and impairment losses						
as at 1 January 2006	33,412	1,328	82,009	40,227	0	156,976
Foreign currency translation adjustment	-568	13	-1,380	-225	0	-2,160
Reclassification	1,236	-517	2,357	-3,076	0	0
Depreciation	13,352	2,915	20,244	11,941	0	48,452
Depreciation and impairment losses, disposal	-2,367	0	-4,367	-11,290	0	-18,024
Depreciation and impairment losses						
as at 31 December 2006	**45,065**	**3,739**	**98,863**	**37,577**	**0**	**185,244**
Carrying amount as at 31 December 2006	**296,470**	**22,041**	**81,439**	**31,011**	**8,418**	**439,379**
Of which assets held under finance leases	126,200	0	26,521	508	7,039	160,268
Depreciated over	15-30 years	5 years	3-8 years	3-7 years	-	-
Sales price of disposed assets	20,845	1,489	979	2,063	3,577	28,953
Carrying amount	20,591	1,489	205	1,519	3,577	27,381
Gain/loss on sale	**254**	**0**	**774**	**544**	**0**	**1,572**
Public land assessment value						
of Danish land and buildings	177,620					
Carrying amount of Danish land and buildings						
not included in the public land assessment value	21,864					
Carrying amount of foreign land and buildings	140,978					

No changes have been made to the significant estimates of property, plant and equipment.

Notes for the group

	2006	2005
	DKK '000	DKK '000
13. Investments in associates		
Cost as at 1 January	88,761	88,761
Cost as at 31 December	**88,761**	**88,761**
Value adjustments as at 1 January	-33,542	-55,761
Value adjustments in the year	-6,000	22,219
Value adjustments as at 31 December	**-39,542**	**-33,542**
Carrying amount as at 31 December	**49,219**	**55,219**

Via the companies Investeringsselskabet RS ApS and Royal Scandinavia Invest A/S, Dantherm A/S owns a share in Royal Scandinavia A/S. In 2006, this indirect ownership share in Royal Scandinavia A/S was reduced from 9.1 per cent to 6.8 per cent, as some of the other shareholders contributed new capital to the company.

Development in Dantherm A/S' ownership share:	**31.12.06**	**31.12.05**
Dantherm A/S' ownership share in Investeringsselskabet RS ApS	23.2%	33.9%
Investeringsselskabet RS ApS' ownership share in Royal Scandinavia Invest	29.6%	32.8%
Royal Scandinavia Invest A/S' ownership share in Royal Scandinavia A/S	99.6%	81.8%
Dantherm A/S' indirect ownership share in Royal Scandinavia A/S	6.8%	9.1%

The managements of Investeringsselskabet RS ApS, Royal Scandinavia Invest A/S and Royal Scandinavia A/S decided to reschedule the financial year so it in future follows the calendar year. Consequently, in the 2006 financial statements of Dantherm A/S, results from a period of twelve plus three months have been recognised for Investeringsselskabet RS ApS and its underlying companies.

2006 DKK '000 **Name, domicile and ownership share**	**Net loss for the year**	**Assets**	**Liabilities**	**Equity**	Dantherm A/S' share of **Net loss for the year**
Investeringsselskabet RS ApS, Hvidovre, Denmark, 23.2%	-5,354	183,075	362	49,219	-6,000

The information concerning Investeringsselskabet RS ApS has been provided in accordance with the official annual report for 2005/06 (1 October 2005 to 30 September 2006), which has been prepared in accordance with the Danish Financial Statements Act. Dantherm A/S' share of the loss also includes information from the draft 2006 annual report (1 October to 31 December 2006). In addition, certain adjustments have been made in respect of negative goodwill and dilution due to Dantherm A/S presenting its annual report in accordance with IFRS.

2005 DKK '000 **Name, domicile and ownership share**	**Net profit for the year**	**Assets**	**Liabilities**	**Equity**	Dantherm A/S' share of **Net profit for the year**
Investeringsselskabet RS ApS, Hvidovre, Denmark, 33.9%	57,526	163,213	324	55,219	2,219

Notes for the group

	2006	2005
	DKK '000	DKK '000
14. Other securities and investments		
Cost as at 1 January	5,219	5,930
Addition	1,568	0
Disposal	0	-711
Cost as at 31 December	**6,787**	**5,219**
Value adjustments as at 1 January	-2,409	529
Value adjustments in the year	707	-2,938
Value adjustments as at 31 December	**-1,702**	**-2,409**
Carrying amount as at 31 December	**5,085**	**2,810**

Financial assets categorised as held for sale total DKK 3,335k and comprise listed and unlisted shares.
Claims categorised as held to maturity total DKK 1,750k and carry a rate of interest of between 0 and 8%.

	31.12.06	31.12.05
	DKK '000	DKK '000
15. Inventories		
Raw materials and consumables	179,912	145,395
Work in progress	47,119	34,995
Manufactured goods and goods for resale	91,331	82,549
	318,362	**262,939**
Carrying amount of inventories recognised at net selling price	16,921	6,246
16. Receivables		
Trade receivables	613,996	545,702
Other receivables	50,448	78,599
Of which recognised under non-current assets	0	-22,947
	664,444	**601,354**
Write-downs set off against the above-mentioned amounts	26,756	23,114
Receivables falling due after 12 months	738	1,966
It is estimated that the carrying amount of receivables corresponds to the fair value.		
17. Contract work in progress		
Contract work in progress	1,101,516	970,937
On-account invoices	-1,110,360	-905,261
	-8,844	**65,676**
Recognised as follows:		
Contract work in progress (assets)	108,663	144,695
Contract work in progress (liabilities), prepayments from customers	-117,507	-79,019
	-8,844	**65,676**
The above-mentioned on-account invoices include payments withheld by customers in the amount of	8,093	12,318

Notes for the group

18. Share capital

	Number of shares		Nominal value (DKK'000)	
	2006	**2005**	**2006**	**2005**
1 January	7,190,574	6,666,666	359,528	333,333
Addition	0	523,908	0	26,195
31 December	**7,190,574**	**7,190,574**	**359,528**	**359,528**

The share capital comprises 7,190,574 shares with a nominal value of DKK 50 each.
The shares are not divided into classes.

Treasury shares

	Number of shares		Nominal value (DKK'000)	
	2006	**2005**	**2006**	**2005**
1 January	14,745	52,966	737	2,648
Disposal	-219	-38,221	-11	-1,911
31 December	**14,526**	**14,745**	**726**	**737**
Treasury shares' share of the share capital	**0.2%**	**0.2%**		

Dantherm A/S has been authorised by the general meeting to let the company buy treasury shares up to a total nominal value of 10 per cent of the share capital. The consideration paid must not deviate by more than 10 per cent from the currently listed share price at the time of the purchase. This authorisation is valid until the next annual general meeting on 11 April 2007.

Dantherm A/S' holding of treasury shares was acquired in connection with the listing in 2001.

In 2006, Dantherm A/S sponsored 219 treasury shares for the share game Børsens Aktiespil. The market value of the shares was DKK 28k. The value is expensed in the income statement and taken to equity. The net loss for the year will be impacted with DKK 28k, while the overall impact on equity after recognition of the net profit/loss for the year will be 0.

Notes for the group

	2006	2005
	DKK '000	DKK '000
19. Deferred tax		
Deferred tax as at 1 January	4,002	1,307
Addition relating to acquisition of subsidiary	0	163
Foreign currency translation adjustment	56	-465
Change in income tax rate	0	-428
Change in deferred tax, previous years	283	2,266
Changed assessment of tax assets	-15,678	1,103
Deferred tax for the year included in the net profit/loss for the year	-14,399	92
Deferred tax for the year recognised in equity	-51	-36
Deferred tax as at 31 December, net	**-25,787**	**4,002**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	26,110	4,854
Deferred tax (liability)	323	8,856
Deferred tax as at 31 December, net	**-25,787**	**4,002**
Deferred tax concerns:		
Non-current assets	5,107	6,526
Current assets	-4,636	18,976
Liabilities	-1,027	-495
Tax losses allowed for carry-forward	-25,231	-21,005
	-25,787	**4,002**

The development in deferred tax on current assets is attributable to the fact that the on-account profit on contract work in progress in Glenco A/S as at 31 December 2006 is included in the tax base.

Deferred tax assets are recognised as tax loss carry-forwards set off against income likely to be realised in future. Recognition is made on the basis of a minimum of two consecutive years with a profit in companies having tax losses. Recognition is made on the basis of earnings expectations and subject to the rules on limitation in the relevant country.

The group has tax losses of DKK 248.9m (2005: DKK 259.6m), the tax base of which is not recognised in the balance sheet as such losses are not expected to be utilised in the foreseeable future or within the period of limitation.

Deferred tax is calculated on the basis of an income tax rate of 28 per cent in Denmark. In January 2007, the Danish government made a proposal to lower the income tax rate to 22 per cent. If the proposal is adopted, the value of the deferred tax is reduced.

Notes for the group

20. Pensions and similar obligations

The pension obligations of the Danish enterprises are covered by insurance. This also applies to some of the foreign companies. Foreign enterprises which are not, or only partially, covered by insurance (defined benefit plans) determine the uncovered pension obligations actuarially at present value at the balance sheet date. These pension plans are covered in pension funds on behalf of the employees. In the consolidated financial statements, DKK 10,798k (2005: DKK 32,664k) has been recognised under liabilities for covering the group's obligations vis-a-vis existing and former employees less any assets related to the pension plans. The parent only has defined contribution plans.

In the consolidated income statement, DKK 46,781k (2005: DKK 48,138k) has been expensed in respect of pension plans covered by insurance (defined contribution plans). As regards pension plans not covered by insurance (defined benefit plans), DKK 1,965k (2005: DKK 3,690k) has been expensed for the group.

In defined contribution plans, the employer is under an obligation to pay a specific contribution (e.g. a fixed amount or a fixed percentage of the pay). In a defined benefit plan, the group does not expose itself to risks related to the future development in interest rates, inflation, mortality and disability.

	2006	2005
	DKK '000	DKK '000
Present value of defined benefit plans	17,588	38,633
Fair value of assets related to pension plans	-6,790	-5,969
Net liability recognised in the balance sheet	**10,798**	**32,664**

Disposal in respect of defined benefit plans of DKK 22,028k concerns employees in a former DISA company. The change has been set off against a corresponding amount under Other receivables and does thus not affect the results of the group.

	2006	2005
Development in liability recognised		
Net liability as at 1 January	32,664	4,965
Addition relating to acquisition of subsidiary	0	28,421
Disposal	-22,038	0
Foreign currency translation adjustment	99	41
Net expense recognised in the income statement	1,965	3,690
Payments made by the group in respect of assets related to pension plans	-1,892	-4,453
Net liability as at 31 December	**10,798**	**32,664**
Pension cost recognised in the income statement		
Pension costs in respect of the current financial year	1,362	3,690
Calculated interest in respect of liability	525	410
Expected returns on assets related to pension plans	78	-410
Defined benefit plans, total	1,965	3,690
Defined contribution plans, total	46,781	48,138
	48,746	**51,828**
The average assumptions on which the actuarial calculations as at the balance sheet date are based comprise:		
Average discount interest rate	4.8%	4.5%
Expected return on assets related to pension plans	4.5%	7.0%
Future rate of pay increases	2.7%	3.3%

Notes for the group

	2006	2005
	DKK '000	DKK '000
21. Provisions		
Warranty commitments as at 1 January	32,194	6,888
Addition relating to acquisition of subsidiary	0	23,605
Foreign currency translation adjustment	-110	343
Used during the year	-7,006	-11,579
Unused warranty commitments, reversed	-11,039	-292
Provisions for the year	14,768	13,229
Warranty commitments as at 31 December	**28,807**	**32,194**
Provision for restructuring as at 1 January	1,776	0
Provisions for the year	0	3,790
Used during the year	-1,776	-2,014
Provision for restructuring as at 31 December	**0**	**1,776**
Other liabilities as at 1 January	6,202	1,000
Addition relating to acquisition of subsidiary	0	4,347
Foreign currency translation adjustment	21	5
Provisions for the year	3,774	2,895
Used during the year	-3,385	-2,045
Other liabilities as at 31 December	**6,612**	**6,202**
Provisions as at 31 December	**35,419**	**40,172**
Expected dates of maturity for provisions:		
0-1 year	27,355	28,403
1-5 years	7,893	11,769
>5 years	171	0
Provisions as at 31 December	**35,419**	**40,172**

Warranty commitments concern goods sold with a warranty and a right to return such goods within a short time limit. The liabilities have been calculated on the basis of previous years' experience. The costs are expected to be incurred during the warranty period.

In 2006, costs incidental to the restructuring of the activities of the French company within the business segment Process ventilation were incurred. The restructuring was completed at the end of 2006.

Other liabilities concern losses on construction contracts and construction contracts in progress which are likely to occur, where the selling prices agreed do not exceed the expected cost of the total contract costs.

Notes for the group

	31.12.06	31.12.05
	DKK '000	DKK '000
22. Payables to credit institutions		
Payables to credit institutions are recognised as follows:		
Long-term payables	290,007	303,986
Short-term payables	371,921	317,327
	661,928	**621,313**
Falling due after 5 years	**156,439**	**146,107**
Fair value	**662,203**	**622,297**

The difference between the carrying amount and the fair value only concerns fixed-interest loans in DKK.
The difference amounts to DKK 275k (2005: DKK 984k).

		Effective rate of interest		Carrying amount	
Loan/expiry	**Fixed/variable**	**2006**	**2005**	**2006**	**2005**
DKK	Fixed	4.0 - 5.0%	4.3 - 5.5%	288,942	25,595
DKK	Variable	3.0 - 6.0%	1.8 - 4.2%	213,410	462,345
EUR	Fixed	3.0 - 4.0%	-	2,237	0
EUR	Fixed	6.0 - 7.0%	-	828	0
EUR	Variable	3.0 - 6.0%	3.0 - 4.5%	59,955	51,237
USD	Variable	5.0 - 7.0%	5.2 - 5.5%	34,062	25,283
GBP	Variable	4.0 - 6.0%	5.4 - 5.6%	3,927	2,807
SEK	Variable	3.0 - 5.0%	3.0 - 3.7%	16,735	6,673
CHF	Variable	3.0 - 4.0%	2.5%	38,533	45,571
Other	Fixed	3.0 - 4.0%	-	716	0
Other	Variable	3.0 - 5.0%	3.1 - 3.8%	2,583	1,802
				661,928	**621,313**

The parent and the subsidiary Dantherm Air Handling A/S have entered into interest rate swaps for hedging the variable interest rate on loans in DKK at a total value of DKK 275,483k (2005: 0).

The fair value of the interest rate swap outstanding at the balance sheet date for hedging the interest rate risk of variable-interest loans amounts to DKK 1,187k (2005: 0).

Finance leases have been recognised as follows:		**2006**	
DKK '000			**Carrying**
	Lease payment	**Interest**	**amount**
0-1 year	19,475	-6,448	13,027
1-5 years	63,455	-20,915	42,540
>5 years	132,211	-27,047	105,164
	215,141	**-54,410**	**160,731**

Finance leases have been recognised as follows:		**2005**	
DKK '000			**Carrying**
	Lease payment	**Interest**	**amount**
0-1 year	18,020	-5,465	12,556
1-5 years	50,718	-17,378	33,340
>5 years	134,657	-24,376	110,281
	203,396	**-47,219**	**156,177**

Notes for the group

	31.12.06	31.12.05
	DKK '000	DKK '000
23. Trade payables and other payables		
Trade payables	293,249	241,048
Other payables	233,557	243,708
	526,806	**484,756**
24. Income tax		
Income tax as at 1 January	4,744	-1,851
Foreign currency translation adjustment	56	392
Addition relating to acquisition of subsidiary	0	-359
Change in provisions for taxes, previous years	172	3,624
Current tax	-5,740	-12,210
Tax paid	6,744	15,148
Income tax as at 31 December	**5,976**	**4,744**
Recognised as follows:		
Income tax receivable	8,648	5,060
Income tax payable	-2,672	-316
	5,976	**4,744**
25. Contingent liabilities		
Usual guarantees concern contract work in progress		
and completed contract work:		
Guarantees through Dansk Kaution	175,646	207,631
Guarantees through Danske Bank	52,344	46,123
Other guarantees	8,742	12,445
The group was part of a consortium with Kirkebjerg A/S, having an		
ownership share of 50 per cent. The consortium was dissolved in 2006,		
and no more receivables or liabilities exist.		
The balance sheet items of the consortium:		
Assets	-	961
Equity	-	156
Liabilities	-	806
The group has provided a rent guarantee to a third party of	3,038	5,400

Notes for the group

	31.12.06	31.12.05
	DKK '000	DKK '000
26. Collateral		
As security for mortgage debt of	57,718	58,734
the following has been provided:		
Land and buildings at a carrying amount of	34,616	75,510
As security for a lease commitment of	160,730	156,177
the following has been provided:		
Land and buildings at a carrying amount of	126,200	131,232
Plant and machinery at a carrying amount of	33,560	27,870
Other plant, fixtures and fittings, tools and equipment at a carrying amount of	508	776
As security for payables to credit institutions of	2,036	1,674
a company charge has been provided, and a deposit has been made:		
Mortgage deeds registered to the mortgagor with a nominal value		
of DKK 5.8m secured upon buildings at a carrying amount of	1,038	1,074
As security for payables to public authorities, cash funds		
have been provided at a carrying amount of	495	601
27. Contractual obligations		
Non-cancellable lease and operating lease payments constitute:		
0-1 year	33,662	29,161
1-5 years	64,073	55,579
>5 years	1,456	536
	99,191	**85,276**
Operating leases recognised in the income statement	24,288	18,409

Notes for the group

28. Acquisition of subsidiaries and activities	Fair value at the date of acquisition	Carrying amount before the acquisition	Fair value at the date of acquisition	Carrying amount before the acquisition
	2006		2005	
	DKK '000		DKK '000	
Property, plant and equipment	1,019	1,019	196,329	126,781
Inventories	6,160	7,205	113,734	113,736
Receivables and work in progress	80	0	230,383	237,390
Cash	0	0	15,595	15,595
Credit institutions	0	0	-135,301	-135,301
Provisions etc.	0	0	-56,536	-38,536
Trade payables	0	0	-59,248	-59,248
Other payables etc.	-451	0	-126,918	-125,419
Net assets acquired	**6,808**	**8,224**	**178,038**	**134,998**
Negative goodwill	0	-	-68,643	-
Trademark	1,416	-	-	-
Transaction costs	170	-	6,224	-
Acquisition price	**8,394**	**-**	**115,619**	**-**
Of which cash	0	-	-15,595	-
Of which payables to credit institutions	0	-	-135,301	-
Consideration in the form of Dantherm A/S shares	0	-	-45,129	-
Cash acquisition cost	**8,394**	**-**	**190,196**	**-**

As at February 2006, Dantherm Filtration AB acquired the activities of Scandab AB, Örebro, from Lindab AB. In connection with the acquisition, the value of trademarks was calculated at DKK 1,416k.

Comments on the 2005 comparative figures:

In 2005, Dantherm A/S completed two acquisitions:

Effective as of 1 January 2005, the group acquired the main activities of Siemens Technology Services A/S. The parties agreed not to publish the market price. No goodwill was calculated in connection with the acquisition.

Effective as of 6 January 2005, the group acquired all shares in the DISA Air group from the A.P. Moller-Maersk group. In connection with the acquisition, the A.P. Moller-Maersk group received shares in Dantherm A/S as part of the payment at the equivalent value of DKK 45.1m – corresponding to 523,908 shares issued at a price of 86.14. The remaining part of the consideration for the shares of DKK 101.5m was paid in cash. Negative goodwill in connection with the acquisition was calculated at DKK 68.6m.

The group acquired all shares in Kontrollelektronik AB, Sweden, effective as of 1 January 2004. The purchase price comprised a cash payment and an earn-out on the basis of the company's results in 2004 and 2005. The expected purchase price was estimated, and on this basis the goodwill value was reduced by DKK 6m.

Notes for the group

	2006	2005
	DKK '000	DKK '000
29. Cash and cash equivalents and short-term bank debt		
Bank deposits etc.	42,323	66,101
Cash and cash equivalents as at 31 December	**42,323**	**66,101**
Short-term payables to credit institutions	371,921	317,327
Of which short-term part of long-term payables to credit institutions	-34,682	-53,352
Short-term bank debt as at 31 December	**337,239**	**263,975**

30. Currency and interest rate risks

Risk management policy of the group

Due to the operations, investments and financing of the group, the group is exposed to changes in exchange rates and interest rate levels. It is group policy not to engage in active speculation in financial risks.
Thus, the group's financial management is only aimed at managing financial risks in respect of operations and financing. A description of accounting policies and methods applied, including the criteria for recognition and the basis of measurement, is given under Accounting policies.

Currency risks

The group's foreign enterprises are not materially influenced by exchange rate fluctuations as both income and expenses are settled in the local currencies.
The group is influenced by changes in the exchange rates as, at the end of the year, the results of the foreign group enterprises are translated into Danish kroner on the basis of average exchange rates.

The group's currency risks in the balance sheet

31 December 2006

DKK '000 Foreign currency	Securities and cash and cash equivalents	Receivables	Payables	Hedged through forward exchange contracts and currency swaps	Net position
USD	6,684	43,798	54,055	0	-3,573
GBP	2,169	23,133	16,625	0	8,677
SEK	7,944	32,957	56,374	0	-15,473
NOK	766	8,444	8,687	0	523
EUR	4,866	277,024	164,238	0	117,652
PLN	697	10,798	6,139	0	5,356
CNY	9,007	36,695	20,098	0	25,604
CHF	0	3	38,533	0	-38,530
THB	8,550	10,042	10,682	0	7,910
Other	43	0	2,028	0	-1,985
	40,726	**442,894**	**377,459**	**0**	**106,161**

31 December 2005

DKK '000 Foreign currency	Securities and cash and cash equivalents	Receivables	Payables	Hedged through forward exchange contracts and currency swaps	Net position
USD	5,467	52,139	55,682	783	1,141
GBP	1,159	15,927	9,800	0	7,286
SEK	21,965	22,880	33,272	0	11,572
NOK	666	10,212	7,431	0	3,447
EUR	22,975	260,886	126,843	0	157,017
PLN	3,983	2,994	3,463	0	3,515
CNY	6,430	13,235	18,320	0	1,346
CHF	2	23	97,445	0	-97,420
THB	1,219	11,860	6,921	0	6,158
	63,866	**390,156**	**359,177**	**783**	**94,062**

For a description of financial risks, please see the management's review on page 26 and note 22.

Notes for the group

31. Related parties

Dantherm A/S does not have any related parties with a controlling influence. Related parties with a significant influence comprise members of the company's Board of Directors and Board of Executives and their related family members.

Furthermore, related parties comprise the group enterprises and associates included in the group chart on page 6.

Transactions between related parties comprise intra-group loans and interest thereon, purchase and sale of goods and services, management fees and remuneration of the Board of Executives and Board of Directors.

The remuneration of the Board of Executives and the Board of Directors is shown in note 5. Other transactions have been eliminated from the consolidated financial statements.

All transactions have been carried out at arm's length.

Contents – Financial statements of the parent Dantherm A/S

Income statement for the parent

	Note	2006	2005
		DKK '000	DKK '000
Revenue	**3**	**30,893**	**76,754**
Other external expenses	4	8,665	7,514
Staff costs	4	8,765	9,071
Profit before depreciation, amortisation, impairment losses and write-downs		**13,463**	**60,169**
Depreciation, amortisation and impairment losses and write-downs of property, plant and equipment and intangible assets	9, 10	152	86
Special items	5	40,000	40,000
Operating profit/loss		**-26,689**	**20,083**
Value adjustments in associates		-10,219	22,219
Financial income	6	4,390	2,172
Financial expenses	7	-13,968	-22,687
Profit/loss before tax		**-46,486**	**21,787**
Tax on profit/loss for the year	8	2,916	4,078
Net profit/loss for the year		**-49,402**	**17,709**
Proposed appropriation account			
Proposed dividend		0	6,472
Retained earnings		-49,402	11,237
Total		**-49,402**	**17,709**

Assets for the parent

	Note	31.12.06	31.12.05
		DKK '000	DKK '000
Non-current assets			
Intangible assets			
Patents and licenses	9	234	0
Total intangible assets		**234**	**0**
Property, plant and equipment			
Other plant, fixtures and fittings, tools and equipment	10	56	117
Total property, plant and equipment		**56**	**117**
Other non-current assets			
Investments in subsidiaries	11	614,613	624,613
Investments in associates	11	45,000	55,219
Other securities and investments	11	26	0
Other non-current assets, total		**659,639**	**679,832**
Total non-current assets		**659,929**	**679,949**
Current assets			
Receivables	12	52,526	93,878
Income tax receivable		4,890	5,071
Prepayments		505	3,374
Cash		3	1
Total current assets		**57,924**	**102,324**
TOTAL ASSETS		**717,853**	**782,273**

Equity and liabilities for the parent

	Note	31.12.06	31.12.05
		DKK '000	DKK '000
Equity			
Share capital	13	359,528	359,528
Retained earnings		114,273	163,633
Proposed dividend		0	6,472
Total equity		**473,801**	**529,633**
Liabilities			
Non-current liabilities			
Deferred tax	14	9,419	5,140
Credit institutions	15	77,382	93,613
Total non-current liabilities		**86,801**	**98,753**
Current liabilities			
Credit institutions	15	95,988	52,531
Trade payables and other payables	16	61,263	101,356
Total current liabilities		**157,251**	**153,887**
Total liabilities		**244,052**	**252,640**
TOTAL EQUITY AND LIABILITIES		**717,853**	**782,273**
Contingent liabilities	17		
Contractual obligations	18		
Related parties	19		

Statement of changes in equity for the parent

DKK '000	Share capital	Retained earnings	Proposed dividend	Total
Equity as at 1 January 2005	**333,333**	**129,877**	**6,500**	**469,710**
Changes in equity in 2005				
Net profit for the year	0	11,237	6,472	17,709
Total income	**0**	**11,237**	**6,472**	**17,709**
Dividend, treasury shares	0	69	0	69
Dividend paid to shareholders	0	0	-6,500	-6,500
Sale of treasury shares	0	3,516	0	3,516
Capital increase	26,195	18,934	0	45,129
Total changes in equity in 2005	**26,195**	**33,756**	**-28**	**59,923**
Equity as at 31 December 2005	**359,528**	**163,633**	**6,472**	**529,633**
Equity as at 1 January 2006	**359,528**	**163,633**	**6,472**	**529,633**
Changes in equity in 2006				
Net loss for the year	0	-49,402	0	-49,402
Total income	**0**	**-49,402**	**0**	**-49,402**
Dividend, treasury shares	0	13	0	13
Dividend paid to shareholders	0	0	-6,472	-6,472
Sale of treasury shares	0	29	0	29
Total changes in equity in 2006	**0**	**-49,360**	**-6,472**	**-55,832**
Equity as at 31 December 2006	**359,528**	**114,273**	**0**	**473,801**

Cash flow statement for the parent

	Note	2006	2005
		DKK '000	DKK '000
Profit/loss before tax		**-46,486**	**21,787**
Adjustment for non-cash operating items etc.			
Depreciation, amortisation, impairment losses and write-downs		40,152	40,086
Value adjustment of associates		10,219	-22,219
Financial income		-4,390	-2,172
Financial expenses		13,968	22,687
Cash flow from primary operations before changes in working capital		**13,463**	**60,169**
Change in receivables		44,221	-93,727
Change in trade payables etc.		-40,093	-41,510
Cash flow from primary operations		**17,591**	**-75,068**
Interest income received		4,390	2,172
Interest expenses paid		-13,941	-22,687
Cash flow from ordinary operations		**8,040**	**-95,583**
Income tax paid		1,544	607
Cash flow from operating activities		**9,584**	**-94,976**
Purchase of intangible assets		-282	0
Disposal of property, plant and equipment		0	80
Purchase of property, plant and equipment		-43	0
Sale of financial assets		0	806
Purchase of financial assets		-53	0
Acquisition of subsidiaries and activities		0	-57,721
Capital contributions to subsidiaries		-30,000	-10,000
Dividend from subsidiaries		0	58,996
Cash flow from investing activities		**-30,378**	**-7,839**
Loan financing:			
Proceeds from the arrangement of non-current liabilities		0	99,872
Repayment of non-current liabilities		-16,374	-15,060
Sale of treasury shares		29	3,516
Shareholders:			
Dividend paid		-6,459	-6,431
Cash flow from financing activities		**-22,804**	**81,897**
Cash flow for the year		**-43,598**	**-20,918**
Cash and cash equivalents, beginning of year		-37,471	-16,553
Cash and cash equivalents, end of year		**-81,069**	**-37,471**
Cash, end of year, comprises:			
Cash		3	1
Short-term bank debt		-81,072	-34,472
Cash and cash equivalents, end of year		**-81,069**	**-34,471**

1. Accounting policies for the parent

The financial statements of the parent have been prepared as a result of the Danish Financial Statements Act on the preparation of financial statements of parents.

The 2006 annual report for the parent has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. the Copenhagen Stock Exchange disclosure requirements for annual reports of listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The accounting policies have been applied consistently with last year.

Description of accounting policies
The accounting policies applied by the parent only deviate from those applied in the consolidated financial statements in the following respects:

Revenue
Dividend from investments in subsidiaries and associates is recognised as income in the income statement of the parent in the financial year in which the dividend is declared. However, to the extent that the dividend paid exceeds the accumulated earnings after the date of acquisition, the dividend will not be recognised as income in the income statement, but will be recognised as a reduction in the cost of the investment.

Furthermore, interest income from any equity-like loans granted to subsidiaries is included in revenue by the amount concerning the financial year. Revenue also includes management fees collected from the subsidiaries of the parent.

Special items
Special items comprise significant non-recurring items that typically did not exist in previous years and are not expected to exist in the coming financial years, and/or items of a special nature which are not part of the parent's ordinary operations.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are measured at cost. If there are any indications of impairment, an impairment test is carried out as described in the consolidated financial statements. Where the cost exceeds the recoverable amount, an impairment is performed to this lower amount.

The cost is reduced by the dividend received which exceeds the accumulated earnings after the date of acquisition.

New accounting regulation
We refer to page 43 in the consolidated financial statements. None of the stated standards or interpretations are expected to have any effect on the financial statements of the parent.

2. Accounting estimates and assessments for the parent

When calculating the carrying amount of certain assets and liabilities, an estimate is required of how future events may affect the value of these assets and liabilities at the balance sheet date. Estimates, which are important to the financial reporting of the parent, are e.g. made when determining the need for a write-down of investments in subsidiaries and associates.

The estimates applied are based on assumptions which the management finds reasonable, but which are naturally uncertain and unpredictable. These assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. Moreover, the company is exposed to risks and uncertainties which may cause the actual results to deviate from these estimates. Special risks to the Dantherm group are mentioned in note 2 of the consolidated financial statements.

The notes contain information about future assumptions and other uncertain estimates at the balance sheet date where there is a considerable risk of changes which may result in a significant adjustment of the carrying amount of assets or liabilities within the next financial year.

The management estimates that the application of the parent's accounting policies does not entail any assessments in addition to estimates, which may have a significant impact on the amounts recognised in the annual report.

Notes for the parent

	2006	2005
	DKK '000	DKK '000
3. Revenue		
Dividend received	25,000	71,004
Management fee	5,893	5,750
	30,893	**76,754**
4. Costs		
Fees for auditors appointed by the general meeting		
Total fee for HLB	618	2,867
Total fee for KPMG	450	400
	1,068	**3,267**
The fees comprise:		
Audit	530	500
Other services than auditing	538	2,767
	1,068	**3,267**
Staff costs		
Wages and salaries	8,023	8,440
Defined contribution plans	582	527
Other social security expenses	30	22
Other staff costs	130	82
	8,765	**9,071**
Average number of employees	7	6
Remuneration of the Board of Directors and Board of Executives		
The Board of Directors of the parent	1,735	1,628
The Board of Executives of the parent	2,475	2,299
	4,210	**3,927**

The remuneration paid to the Board of Executives of the parent includes pension contributions of DKK 225k (2005: DKK 307k). The Board of Directors only receives remuneration for its work. An agreement has been made for bonus to be paid to the manager reported to the Danish Commerce and Companies Agency. The agreement may constitute up to 30 per cent of the base pay. The bonus programme contains a bonus which is calculated on the basis of the company's financial results and an individual bonus which is based on the fulfilment of a number of agreed objectives. The company has no share option programmes etc., but is planning to implement such programmes in 2007.

	2006	2005
5. Special items		
Value adjustment of investments in subsidiaries	40,000	40,000
	40,000	**40,000**

The write-down in 2006 concerns investments in Glenco A/S. Unsatisfactory results in 2006 and the resulting capital contributions made by the parent to Glenco A/S mean that the carrying amount is deemed not to correspond to the current value of the expected future net cash flows. The investments have been written down to the value in use corresponding to a write-down of DKK 40.0m.

Comments on the 2005 comparative figures:
The unsatisfactory results generated by Glenco A/S in 2005 gave rise to a readjustment of the expectations for the future net cash flows. Use of the model for calculating the present value of the expected future net cash flows indicated a need for a write-down of the carrying amount of the investment. As a result, the investment in Glenco A/S was written down by DKK 40.0m in 2005.

	2006	2005
6. Financial income		
Interest income from group enterprises	2,968	1,514
Other interest income	70	442
Foreign exchange gains	1,352	199
Realised capital gains on securities	0	17
	4,390	**2,172**

Notes for the parent

	2006	2005
	DKK '000	DKK '000
7. Financial expenses		
Interest expenses to group enterprises	3,949	5,278
Other interest expenses	9,993	4,908
Foreign currency translation adjustments and losses	0	12,501
Market value adjustments and losses on securities	26	0
	13,968	**22,687**
8. Tax		
Current tax for the year	-2,717	-2,733
Adjustment of deferred tax	5,782	6,691
Adjustment of deferred tax due to reduction of income tax rate	0	110
Adjustment of tax, previous years	-149	10
	2,916	**4,078**
Tax on profit/loss for the year is calculated as follows:		
Profit/loss before tax	-46,486	21,787
Tax rate	28%	28%
Calculated tax on profit/loss before tax	-13,016	6,100
Adjustment of deferred tax due to reduction of tax rate	0	110
Tax from shadow joint taxation	7,708	11,074
Tax on non-taxable income	-7,000	-26,125
Tax on non-deductible expenses etc.	15,373	12,919
Adjustment of tax, previous years	-149	0
	2,916	**4,078**
9. Intangible assets		
Patents and licenses		
Cost as at 1 January	0	0
Additions	282	0
Cost as at 31 December	**282**	**0**
Depreciation, amortisation, impairment losses and write-downs as at 1 January	0	0
Depreciation and amortisation	48	0
Depreciation, amortisation, impairment losses and write-downs as at 31 December	**48**	**0**
Carrying amount as at 31 December	**234**	**0**
10. Property, plant and equipment		
Other plant, fixtures and fittings, tools and equipment		
Cost as at 1 January	638	759
Additions	43	0
Disposals	0	-121
Cost as at 31 December	**681**	**638**
Depreciation, amortisation, impairment losses and write-downs as at 1 January	521	477
Depreciation and amortisation	104	155
Depreciation, amortisation, impairment losses and write-downs, disposals	0	-111
Depreciation, amortisation, impairment losses and write-downs as at 31 December	**625**	**521**
Carrying amount as at 31 December	**56**	**117**

Notes for the parent

11. Financial assets

DKK '000	Investments in group enterprises	Investments in associates	Other securities and investments
Cost as at 1 January 2005	610,759	88,761	804
Additions	112,850	0	0
Disposals	0	0	-804
Cost as at 31 December 2005	**723,609**	**88,761**	**0**
Value adjustments as at 1 January 2005	0	55,761	2
Value adjustment for the year	40,000	-22,219	0
Received dividend exceeding earnings	58,996	0	0
Value adjustments, disposals in the year	0	0	-2
Value adjustments as at 31 December 2005	**98,996**	**33,542**	**0**
Carrying amount as at 31 December 2005	**624,613**	**55,219**	**0**
Cost as at 1 January 2006	723,609	88,761	0
Additions	30,000	0	53
Cost as at 31 December 2006	**753,609**	**88,761**	**53**
Value adjustments as at 1 January 2006	98,996	33,542	0
Value adjustment for the year	40,000	10,219	27
Value adjustments as at 31 December 2006	**138,996**	**43,761**	**27**
Carrying amount as at 31 December 2006	**614,613**	**45,000**	**26**

The write-down concerns investments in Glenco A/S. Unsatisfactory results in 2005 and 2006 and the resulting capital contributions made by the parent to Glenco A/S mean that the carrying amount is deemed not to correspond to the current value of the expected future net cash flows. The investments have been written down to the value in use. The write-down of DKK 40.0m is recognised under special items, cf. note 5. We also refer to note 11 Intangible assets in the consolidated financial statements where the prerequisites etc. for the impairment test are described.

Investments in associates are measured at cost in the balance sheet of the parent less write-downs.
The market value is estimated on the basis of the current value of expected future cash flows.

Name	Registered office	Ownership share 2006	Ownership share 2005
Subsidiaries:			
ERO A/S	Skive, Denmark	100%	100%
Dantherm Air Handling A/S	Skive, Denmark	100%	100%
Glenco A/S	Hvidovre, Denmark	100%	100%
Dantherm Filtration Holding A/S	Mariager, Denmark	100%	100%
Associates:			
Investeringsselskabet RS ApS	Hvidovre, Denmark	23.2%	33.9%

	31.12.06 DKK '000	**31.12.05** DKK '000
12. Receivables		
Receivables from group enterprises	52,376	93,773
Other receivables	150	105
	52,526	**93,878**

Notes for the parent

13. Share capital

	Number of shares		Nominal value (DKK '000)	
	2006	**2005**	**2006**	**2005**
1 January	7,190,574	6,666,666	359,528	333,333
Additions	0	523,908	0	26,195
31 December	**7,190,574**	**7,190,574**	**359,528**	**359,528**

The share capital comprises 7,190,574 shares with a nominal value of DKK 50 each.
The shares are not divided into classes.

Treasury shares

	Number of shares		Nominal value (DKK '000)	
	2006	**2005**	**2006**	**2005**
1. January	14,745	44,745	737	2,237
Disposals	-219	-30,000	-11	-1,500
31 December	**14,526**	**14,745**	**726**	**737**
Treasury shares' share of the share capital	**0.2%**	**0.2%**		

Dantherm A/S has been authorised by the general meeting to let the company buy treasury shares up to a total nominal value of 10 per cent of the share capital. The consideration paid must not deviate by more than 10 per cent from the currently listed share price at the time of the purchase. This authorisation is valid until the next annual general meeting on 11 April 2007.

Dantherm A/S' holding of treasury shares was acquired in connection with the listing in 2001.

In 2006, Dantherm A/S sponsored 219 treasury shares for the share game Børsens Aktiespil. The market value of the shares was DKK 29k. The value is expensed in the income statement and taken to equity. The net loss for the year will be impacted with DKK 29k, while the overall impact on equity after recognition of the net loss for the year will be 0.

	2006	**2005**
	DKK '000	DKK '000
14. Deferred tax		
Deferred tax as at 1 January	5,140	-1,661
Change in income tax rate	0	111
Change in deferred tax, previous years	-1,503	0
Changed assessment of tax assets	0	1,509
Deferred tax for the year included in the net profit/loss for the year	5,782	5,181
Deferred tax as at 31 December, net	**9,419**	**5,140**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (liability)	9,419	5,140
Deferred tax as at 31 December, net	**9,419**	**5,140**
Deferred tax concerns:		
Non-current assets	1,145	1,105
Retaxation liabilities	8,274	4,035
	9,419	**5,140**

Notes for the parent

	31.12.06	31.12.05
	DKK '000	DKK '000
15. Payables to credit institutions		
Payables to credit institutions are recognised as follows:		
Long-term payables	77,382	93,613
Short-term payables	95,988	52,531
	173,370	**146,144**
Due after 5 years	**32,338**	**44,255**
Of payables to credit institutions, short-term bank debt constitutes	**81,072**	**37,472**
Fair value of payables to credit institutions	**173,370**	**146,144**

The carrying amount corresponds to the fair value of all loans.

		Effective interest rate		Carrying amount	
Loan/expiry	**Fixed/variable**	**2006**	**2005**	**2006**	**2005**
DKK	Variable	5 - 6%	3.6 - 3.9%	40,000	82,472
DKK	Fixed	4 - 5%	-	81,072	0
EUR	Variable	4 - 6%	3.0 - 4.0%	13,765	18,852
CHF	Variable	3 - 4%	2.5%	38,533	44,820
				173,370	**146,144**

The parent's risk management policy

As a result of its operations, investments and financing, the parent is exposed to changes in exchange rates and interest rate levels. It is the parent's policy to identify and hedge all significant financial risks in an expedient way and not to engage in active speculation in financial risks.

Currency risks

The parent's currency risks mainly concern loan financing in EUR and CHF. The company regularly assesses the expediency of entering into agreements fully or partly hedging the currency risk. Contracts in EUR are not hedged.

Interest rate risks

Part of the parent's bank financing consists of variable interest loans. This involves a risk of interest payments being changed, both in the short term and in the long term. The company regularly assesses the expediency of entering into agreements fully or partly hedging the interest rate risk. The company has therefore entered into agreements hedging the interest rate risk of selected bank loans, and consequently the share of fixed-interest loans totalled 47 per cent at the end of 2006.

Credit risks

The credit risks of the parent primarily concern receivables from subsidiaries, and therefore the risk is not hedged.

	31.12.06	31.12.05
	DKK '000	DKK '000
16. Trade payables and other payables		
Payables to group enterprises	58,791	94,368
Trade payables	673	3,810
Other payables	1,799	3,178
	61,263	**101,356**

Notes for the parent

17. Contingent liabilities

The parent is jointly and severally liable with other consolidated enterprises for the group bank overdraft in the group's main bank.

Group bank overdraft withdrawals were DKK 267,006k as at 31 December 2006.

The parent has guaranteed its subsidiaries' balance with FIH.

Payables to FIH amount to DKK 249,407k.

For the period 2006-2008, the parent has provided a rent guarantee of DKK 5.4m to a third party. The guarantee is expected to impact the company by a maximum of DKK 1.1m. The amount is recognised as a payable in the annual report.

The parent is jointly and severally liable with the jointly registered consolidated enterprises, Dantherm Air Handling A/S and ERO A/S, for the total VAT commitment.

	31.12.06	**31.12.05**
	DKK '000	DKK '000
18. Contractual obligations		
Obligations in respect of lease and operating lease payments constitute:		
Next year	415	370
2-5 years	1,056	1,146
After 5 years	0	194
	1,471	**1,710**
The following amount has been recognised in the income statement regarding operating leases	430	371

19. Related parties

See note 31 in the consolidated financial statements for a description of related parties.

The parent's balances with group enterprises are specified in note 12 and note 16 and carry interest at a variable market rate.

Payment of interest on balances with group enterprises is specified in note 6 and note 7.

The parent has received DKK 25,000k in dividend from its subsidiaries.

A management fee of DKK 5,893k has been invoiced to the subsidiaries.

Contact information

Parent
Dantherm A/S
Østertorv 6
7800 Skive, Denmark
Tel. +45 99 14 90 00
CVR no. 30 21 43 15
www.dantherm.com

Products for air handling
Dantherm Air Handling A/S
Marienlystvej 65
7800 Skive, Denmark
Tel. +45 96 14 37 00
www.dantherm-air-handling.com

- Heating and cooling
- Ventilation
- Dehumidification
- Mobile air handling
- Heat exchangers
- Air-conditioning equipment
- Combined plants for cooling of heat-sensitive electronics

T&O Stelectric A/S
Langelandsvej 6
8900 Randers, Denmark
Tel. +45 86 40 40 44
www.tostelectric.dk

- Development and production of electronic control systems

Process ventilation
Dantherm Filtration A/S
Industrivej 13, Assens
9550 Mariager, Denmark
Tel. +45 99 68 09 00
www.danthermfiltration.com

- Filters
- Fans
- Cyclons
- Pipe systems
- Service and maintenance

Comfort ventilation & engineering
Glenco A/S
Stamholmen 110
2650 Hvidovre, Denmark
Tel. +45 36 39 42 22
www.glenco.dk

- Turnkey engineering
- Water, heating, sanitation
- Ventilation
- Electricity
- Cooling and air conditioning
- Sprinkling
- Service and maintenance