schouw+co

ANNUAL REPORT

2006

CONSOLIDATED REPORT

PORTFOLIO COMPANIES

FINANCIAL STATEMENTS

ENDORSEMENTS

SUPPLEMENTARY INFORMATION

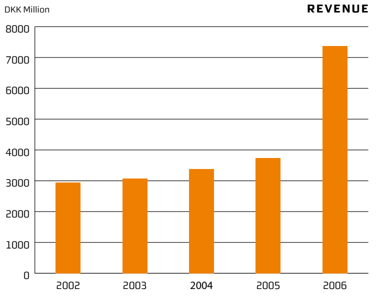
This publication is a translation of the statutory Danish Annual Report 2006. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

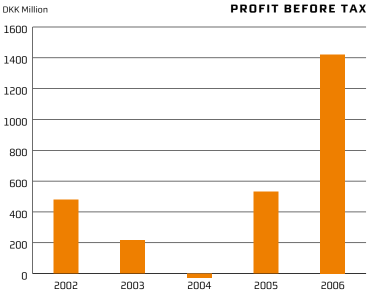
KEY FIGURES

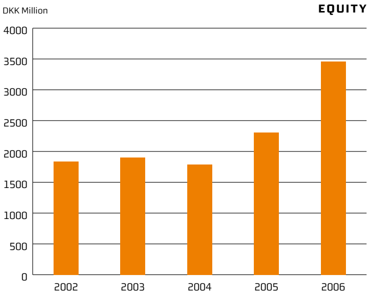
GROUP SUMMARY (DKK MILLION)	2006	2005	2004	2003	2002
REVENUE	7,370.2	3,734.8	3,382.5	3,081.9	2,939.0
Operating profit before goodwill	471.5	203.7	212.0	202.1	245.5
Goodwill amortisation and impairment	0.0	(2.1)	0.0	(29.6)	(50.5)
Profit/loss from associates before goodwill	79.6	0.1	(0.7)	(116.4)	29.4
Goodwill amortisation and impairment in associates	(0.8)	0.0	0.0	(6.9)	(36.9)
Profit/loss from divestment of equity investments	282.9	17.6	0.0	(4.6)	380.8
Net financials	589.5	310.4	(238.7)	172.7	(90.5)
Profit/loss before tax	1,422.7	529.7	(27.4)	217.3	477.8
Tax on the profit/loss for the year	(107.9)	(33.1)	(38.5)	(44.4)	(50.5)
PROFIT/(LOSS) FOR THE YEAR	1,314.8	496.6	(65.9)	172.9	427.3
Attributable to:					
Shareholders of Schouw & Co.	1,240.3	498.0	(62.7)	172.2	426.8
Minority interests	74.5	(1.4)	(3.2)	0.7	0.5
Share of equity attributable to shareholders of Schouw & Co.	3,460.6	2,307.6	1,789.7	1,904.4	1,838.6
Minority interests	380.8	472.1	118.6	67.9	67.1
TOTAL EQUITY	3,841.4	2,779.7	1,908.3	1,972.3	1,905.7
Total assets	7,465.8	6,965.1	4,249.8	4,243.6	4,690.1
OTHER FINANCIAL DATA					
Number of employees	3,352	2,784	2,690	2,441	2,203
Investments in property, plant and equipment	536.7	450.9	338.9	232.8	508.9
Depreciation of property, plant and equipment	293.2	187.3	204.0	192.1	176.6
Return on equity (%)	41.9	22.8	(3.4)	8.9	25.7
ROIC (%)	13.5	7.7	9.1	9.4	13.7
Equity ratio (%)	51.5	39.7	44.9	46.5	40.6
PER SHARE DATA					
Earnings per share (of DKK 10)	105.5	42.2	(5.3)	14.3	34.3
Diluted earnings per share (of DKK 10)	105.1	42.1	(5.3)	14.3	34.3
Dividend per share (of DKK 10)	6.00	3.00	2.00	2.00	3.00
Net asset value per share (of DKK 10)	329	235	162	165	153
Share price at year end (of DKK 10)	360	230	123	118	109
Price/net asset value	1.10	0.98	0.76	0.72	0.71
P/E	3.4	5.5	neg.	8.3	3.2
MARKET CAPITALISATION	4,491	2,868	1,529	1,476	1,359

The financial ratios have been calculated in accordance with "Recommendations & Ratios 2005", issued by the Danish Society of Financial Analysts. Financial highlights and key figures for 2004-2006 have been prepared in accordance with IFRS. The comparative figures for 2002-2003 have not been restated to reflect the change in accounting policies, but were prepared according to the previous accounting policy based on the provisions of the Danish Financial Statements Act and Danish Accounting Standards.

HIGHLIGHTS IN 2006







- Schouw & Co. doubled its consolidated turnover to DKK 7,370 million in 2006 with all Group businesses reporting improvements.

- The consolidated profit for the year before tax was DKK 1,423 million against DKK 530 million in 2005, marking an exceptional performance and the best results in company history.

- Realised capital gains from the sale of Vestas shares and positive value adjustments on the remaining holding of Vestas shares contributed DKK 692 million to the profit for the year. The divestment of the packaging businesses produced an accounting gain of DKK 283 million.

- Profit for the year before tax and effects of the value adjustment on the holding of shares in Vestas was DKK 731 million, which was DKK 71 million higher than the most recent guidance.

- BioMar recorded a DKK 109 million improvement in profit before tax after an exceptional year.

- Substantial improvement by Martin produced a DKK 19 million profit before tax, the first profit in four years.

- Grene reported a highly satisfactory performance.

- Disappointing performance by Fibertex after a challenging year.

- After selling 2,108,720 Vestas shares in 2006, Schouw & Co. holds 4,800,000 shares, equal to a 2.59% ownership interest.

- The Board proposes to increase the dividend to DKK 6 per share of DKK 10 nominal value from DKK 3 per share in 2005.

- Overall, Schouw & Co. projects consolidated full-year 2007 revenue of approximately DKK 8 billion and a profit before tax of DKK 330 million excluding the effects from the holding of Vestas shares and the contribution to profit from Sjøtroll. The projected profit before tax equals a 10% improvement over 2006 on a same-activity basis.

COMMITMENT TO GROWTH AND DEVELOPMENT

2006 was in many ways a landmark year for Schouw & Co.

Our financial performance was the best ever and the result of a long-term business strategy combined with a commitment to develop and grow.

The sale of our packaging companies was a strategically correct decision based on the philosophy that our businesses should at all times operate under the best ownership. However, it was also a difficult decision, given the financial and historical importance of those businesses to Schouw & Co.

Once again, our substantial ownership interest in Vestas made a very positive contribution to our profit by way of realised capital gains and significant share price appreciation. The share price performance reflects the positive expectations for the wind energy sector and renewable energy in general that are currently prevailing on a global scale. At Schouw & Co., we share in those expectations.

All companies of the Schouw & Co. Group were positive contributors to the 2006 results, although some suffered difficult market conditions. The very strong performance by Martin and the effects from the first-time consolidation of BioMar in our financial statements were the largest factors influencing the overall profit performance.

All of our businesses have invested progressively in new technology, product development, market expansion and in increasing their capacity and developing their organisations. In spite of the ever-more competitive global markets, our businesses stand well prepared to keep up their momentum in creating solid results in the future.

Schouw & Co.'s existing portfolio provides good risk diversification and consists of attractive businesses that all have a potential for substantial growth. We intend to actively support the growth strategy of each business and to participate in potential strategic acquisitions and other value-creating investments.

Given our considerable financial strength and prospects of healthy development in our portfolio, we have a platform for substantial growth in Schouw & Co. in the years ahead. Our firmly anchored business model provides the strategic foundation for the future development of our existing businesses and any new acquisitions we may make. Creating value is our permanent objective, but we also acknowledge the need for patience. This applies both to growth projections and acquisitions.

JENS BJERG SØRENSEN, PRESIDENT

HISTORICAL SALE THAT MAKES STRATEGIC SENSE

Packaging operations are no longer a part of Schouw & Co. The sale of the 50%-owned packaging businesses Elopak Denmark A/S and Elopak AB marked a break with our company's 129-year history. It was also confirmation of our strategy of making appropriate divestments when the Group no longer provides the best ownership option and a business can fetch a good price.

The packaging operations played a key role in the strategic development of Schouw & Co., from the early days of making paper bags in the rear building of a property in Copenhagen in 1878, the take-over of Jyllands Papir-Værk in 1930 and the focus on producing beverage packaging to the sale of a 50% stake to Norway-based Elopak Group for DKK 50 million in 1988.

The money received from this sale paved the way for Schouw & Co.'s important change in strategy: shifting away from a focus on a single business area and evolving into a diversified industrial conglomerate with a manyfold expansion of revenue, from DKK 320 million in 1988 to almost DKK 7.4 billion in 2006.

STRATEGIC COOPERATION

The sale of the other half of the shares in Elopak followed 18 years of successful cooperation. Throughout the years, the joint venture packaging business evolved strongly, driven by revenue growth and good profitability.

Schouw & Co. held the Danish rights to the Pure-Pak concept, whilst Elopak held the rights in the rest of the world. The parties expanded their collaboration by setting up a subsidiary in Poland in 1992 and by Schouw & Co. buying half of the shares in the Elopak Group's Swedish subsidiary Elopak AB in 2001.

The strategy behind Schouw & Co.'s investment in Sweden was to follow one of its key customers, Arla Foods, onto the Swedish market. Following the successful integration of operations in Denmark, all production was gathered at the company's modern factory in Lystrup outside Aarhus. Annual production output passed the billion carton mark, and profitability improved as well, thanks to the factory's high degree of efficiency.

MARKET BEING RESHAPED

The market for packaging products has been undergoing substantial change in recent years because customer operations are developing independently of

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geographical barriers. With product rights in Denmark, Sweden and Poland only, we had limited opportunities to generate further growth in our packaging operations. As a consequence of scale economies, innovation and efficiency can best be groomed on an international scale, not in a small corner of the European market.

In other words, it was clear that the development potential of these businesses in Denmark, Poland and Sweden would be best served if they were fully integrated into the Elopak Group. Accordingly, withdrawing from ownership was an attractive solution for Schouw & Co.

The DKK 505 million sales price, almost DKK 300 million higher than the carrying amount, made this an appropriate divestment.

VALUE CREATION IN THE PACKAGING BUSINESSES

Dividends and sale of shares	DKK 780 million
Capital contributed and purchase of shares	DKK 170 million
Accumulated positive contribution 1988-2006	DKK 610 million

SCHOUW & CO.: A PACKAGING BUSINESS

SCHOUW & CO. WAS FOUNDED IN COPENHAGEN ON JANUARY 10, 1878, WHEN VICTOR SCHOUW STARTED A BUSINESS MAKING PAPER BAGS. GRADUALLY, THE COMPANY ENDED UP INCLUDING MANY OTHER TYPES OF PAPER AND PACKAGING ACTIVITIES AS WELL.

SCHOUW & CO. ACQUIRED JYLLANDS PAPIR-VÆRK IN AARHUS IN 1930; THIS COMPANY BEGAN PRODUCING PURE-PAK CARTONS IN 1956. IN THE YEARS THAT FOLLOWED, MORE AND MORE OF ITS BUSINESS ACTIVITIES WERE CONCENTRATED IN AARHUS.

IN 1986, THE PURE-PAK OPERATIONS WERE SCHOUW & CO.'S ONLY BUSINESS ACTIVITY AT THE JYLLANDS PAPIR-VÆRK FACTORY, AND THE LATTER-NAMED COMPANY CHANGED ITS NAME TO SCHOUW PACKING.

IN 1988, 50% OF THE SHARES IN SCHOUW PACKING WERE SOLD TO NORWAY-BASED ELOPAK GROUP, WHICH IN 2006 ACQUIRED THE OTHER 50% OF THE COMPANY, WHICH HAD IN THE MEANTIME CHANGED ITS NAME TO ELOPAK DENMARK.

ACCELERATING THE PACE – ALSO IN VALUE CREATION

Schouw & Co. started out in 2007 larger and stronger than ever. Our portfolio of industrial businesses all have a potential for continuing to grow in increasingly international markets and this gives us a good basis for maintaining our momentum in creating value for our shareholders.

Founded in 1878, Schouw & Co. is one of Denmark's oldest industrial businesses. The three stages of the Group's strategic development through 129 years illustrate quite well how the dynamics and the pace of change have accelerated.

The third strategy phase has just begun: our key focus is to create value by bringing our businesses to the next level of development. We have a controlling influence in our businesses, and through our active ownership we ensure that each individual business grows not only in terms of revenue, but also in terms of dynamic development of its organisation, its technologies, structure and geographies.

STAGE 1

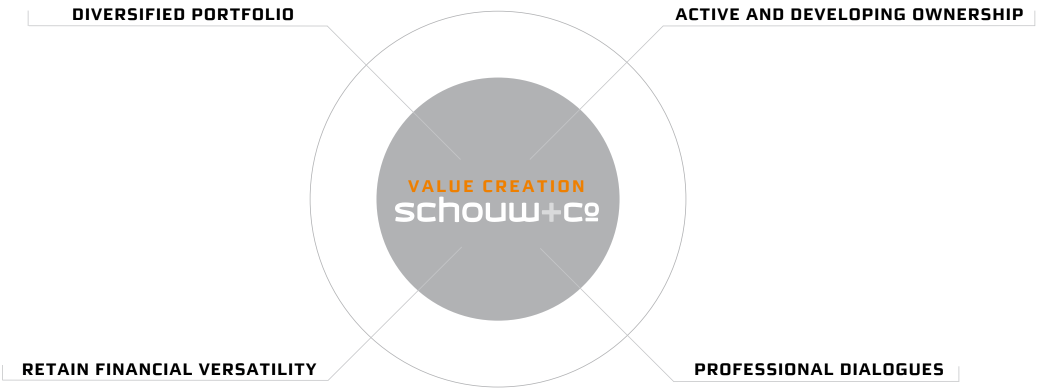
1878-1987
- One business area
- Focus on packaging manufacture
- Limited growth
- Building industrial know-how

STAGE 2

1988-2005
- From one to seven businesses
- An active investor role, also as a minority shareholder
- Exposure to the wind energy industry
- Making the first divestments

STAGE 3

2006-
- Focused on developing and growing the businesses
- Active majority ownership
- A balanced portfolio in which no individual business overshadows the rest
- Potential for new acquisitions



FOUR KEY AREAS

The role of Schouw & Co. is to create growth and development. We use our industrial background to add financial strength to our businesses and to be an active sparring partner. Our investments have a long-term perspective. In many cases, large investments and strategic restructuring go hand in hand, and at Schouw & Co., we acknowledge that sometimes growth takes precedence over financial results.

Value creation at Schouw & Co. is based on four key strategic areas:

SCHOUW & CO. MANAGES A
DIVERSIFIED PORTFOLIO
OF LEADING INDUSTRIAL BUSINESSES

- We adapt the portfolio applying the 'best ownership' philosophy.
- We are open to attractive acquisitions and appropriate divestments.

Diversification applies only to Schouw & Co. Our individual businesses work on the basis of a dedicated strategic focus.

SCHOUW & CO. EXERCISES
ACTIVE AND DEVELOPING OWNERSHIP

- We focus on growth and development in close collaboration with company managements.
- We provide value creating applications for capital and resources.
- We focus on innovation and efficiency.
- We ensure a dynamic and competent management.

SCHOUW & CO. INTENDS TO
RETAIN FINANCIAL VERSATILITY

- We optimise capital structures while ensuring appropriate financial strength.
- We create results that fund profitable growth.

SCHOUW & CO. MAINTAINS
PROFESSIONAL DIALOGUES
WITH SHAREHOLDERS AND MARKET

- We provide timely and detailed information to our shareholders at a level that rivals the best companies in Denmark.
- We aim for the company's share price to always reflect the true values of the Group.

GROWTH THROUGH ACQUISITIONS

We doubled our revenue from 2005 to 2006 and achieved a hefty profit improvement. Rather than just sitting back, we will use the strong results as a platform for continued and accelerated value creation.

The capital structure of Schouw & Co. provides a perfect opportunity for adding acquisitions to the organic growth expected in the years ahead, both to develop our existing portfolio companies and possibly introduce one or more new business areas to the Group. We see a significant potential for making attractive acquisitions over the next few years and consider prospective investments on a regular basis.

When an attractive opportunity presents itself, one that meets our strategy, and the price is right, then we will act.

SCHOUW & CO.: AN INDUSTRIAL CONGLOMERATE

THE SALE OF 50% OF THE SHARES IN SCHOUW PACKING IN 1988 WAS A STEP IN CREATING THE PLATFORM FOR SCHOUW & CO. TO EVOLVE INTO AN INDUSTRIAL CONGLOMERATE. THAT PROCESS BEGAN IN 1988, WHEN THE COMPANY ACQUIRED THE SHARE CAPITAL OF THE P. GRENE COMPANY.

IN 1989, THE COMPANY ACQUIRED ITS INITIAL HOLDING IN SCHULSTAD, WHICH WAS DIVESTED TO CEREALIA IN 2003, AND IN 1994 ITS INITIAL HOLDING IN MICON, A COMPANY THAT, AFTER THE MERGER TO CREATE NEG MICON, WAS COMBINED WITH VESTAS IN 2004.

IN 1999, WE ACQUIRED THE MAJORITY HOLDING IN MARTIN AND THAT COMPANY BECAME WHOLLY OWNED IN 2001. IN 2002, WE ACQUIRED THE ENTIRE SHARE CAPITAL OF FIBERTEX. IN ADDITION, SCHOUW & CO. HELPED ESTABLISH INCUBA AND XERGI AND ACQUIRED THE 50% STAKE IN ELOPAK AB.

SCHOUW & CO. ACQUIRED A MAJORITY SHAREHOLDING IN BIOMAR IN 2005, AND THE COMPANY DIVESTED ITS OWNERSHIP INTEREST IN THE PACKAGING INDUSTRY IN 2006.

OUR BUSINESSES

GRENE

A leading supplier of spare parts and accessories for the agricultural sector, and of hydraulics, technical articles, electrical products and services for industry.

Wholly owned by Schouw & Co. since 1988.

STRATEGIC GOALS

- To continue to grow both revenue and earnings by expanding the company's international scope and supply chain efficiency.
- To build a strong position for the Agro business in eastern and central Europe in collaboration with Kramp Groep.
- To expand the leading position in the hydraulics market in Denmark.
- To generate profitable earnings in the industrial segment.

MARTIN

The world's leading manufacturer of intelligent lighting for the entertainment and the experience industries. Martin also produces smoke machines and smoke products for the security industry.

Partly owned by Schouw & Co. since 1999 and wholly owned since 2001.

STRATEGIC GOALS

- To expand the position as global market leader in order to permanently stabilise earnings at a higher level.
- To generate revenue growth through broader segmentation and diversified product assortment.
- To retain the position as the most innovative player in the market through its R&D commitment
- To continue to optimise the value chain and make it more efficient.

FIBERTEX

A leading manufacturer of nonwovens, supplying needlepunch products for industrial and technical applications and spunbond products for the personal care industry.

Wholly owned by Schouw & Co. since 2002.

STRATEGIC GOALS

- To generate strong growth and substantially improve profitability through full capacity utilisation and geographical expansion.
- To capitalise on the potential in the Czech production unit.
- To enhance production efficiency in all parts of the Group.
- To be focused on developing value-added products.

BIOMAR

The world's third-largest manufacturer of quality feed for the fish farming industry.

BioMar is listed on the Copenhagen Stock Exchange and has been partly owned by Schouw & Co. since November 2005.

STRATEGIC GOALS

- To successfully implement the value-creating "Going for Global Growth" strategy plan.
- To be an attractive and strong player in future industry consolidation.
- To maintain tight risk management of trade payables and raw materials.
- To build competitive strength for the future through innovation.

XERGI

Leading supplier of turnkey energy and environmental systems, including biogas and organic fertiliser separation systems.

Since 2004, owned on a fifty/fifty basis by Dalgasgroup and Schouw & Co.

The company is consolidated on a pro-rata basis.

STRATEGIC GOALS

- To create a significant international provider of complete biogas plants by using the company's skills and know-how.
- To secure a leading position through a strong commitment to both technological and biological research.
- To enhance the company's competitive strength by being a supplier of reliable and profitable biogas plants.
- To build a solid position in international project development.

OTHER INVESTMENTS

INCUBA

Schouw & Co. holds a 49% stake in Incuba A/S, a development and venture operation supporting entrepreneurial environments and investing actively in new companies. Incuba is accounted for as an associated company.

VESTAS

Schouw & Co. holds 4,800,000 shares in Vestas Wind Systems A/S. The stake is not considered a long-term strategic holding and is recognised under securities.

PROPERTY

Schouw & Co. owns three properties related to the Group's current or former business activities. The properties are recognised under property, plant and equipment.

MANAGEMENT'S REPORT

FINANCIAL PERFORMANCE

The annual report for the year ended December 31, 2006 has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies.

The annual report has been prepared in accordance with the Group's accounting policies, which are unchanged from the policies applied in the annual report for 2005.

Schouw & Co. doubled the consolidated turnover from DKK 3,735 million in 2005 to DKK 7,370 million in 2006. DKK 3,274 million of the improvement derived from the first-time consolidation of BioMar in the income statement. In addition, all group companies reported improvements, contributing to the positive performance.

Operating profit improved from DKK 201.6 million in 2005 to DKK 471.5 million in 2006. Most of the improvement came from the consolidation of BioMar, which also had an exceptional year, but other group companies were also positive contributors.

Grene reported highly satisfactory results for 2006 that were well ahead of expectations. In addition, the company had a DKK 12.6 million gain from the sale of land and buildings in Poland.

In 2006, Martin successfully sustained the positive developments in the company that began in the second half of 2005. The strong profit improvement is considered to be highly satisfactory, even though earnings have still not reached a level that reflects the company's international position.

Fibertex had a difficult year in 2006 with a large fall in profit from the previous year, the main cause being higher raw materials prices. The company's actual financial results fell short of expectations and are thus not satisfactory.

The small subsidiary Xergi had a challenging although prosperous year, reporting satisfactory results in line with expectations.

The consolidated operating profit was better than expected and is considered satisfactory.

Schouw & Co.'s consolidated profit before tax rose from DKK 529.7 million in 2005 to DKK 1,422.7 million in 2006.

In addition to the positive trend in operating profit reported by the group companies, two factors had a particular influence on the profit before tax.

At the end of the third quarter of 2006, Schouw & Co. divested its 50% ownership interest in the two packaging businesses, Elopak Denmark A/S and Elopak AB. The two businesses are consolidated on a pro-rata basis until September 30, 2006, and the DKK 282.9 million accounting profit from the sale is treated as profit from the divestment of equity investments.

The second factor is the positive effect from the holding of Vestas shares, which amounted to DKK 692.4 million in 2006 against DKK 381.0 million in 2005. Both amounts are recognised under financial items.

Under IFRS Schouw & Co. is required to redistribute goodwill from the acquisition of BioMar to other items of the BioMar balance sheet that Schouw & Co. will consolidate in its financial statements. The balance sheet redistribution has a negative impact of DKK 23.9 million on the profit before tax, which means that BioMar's profit before tax recognised in the Schouw & Co. consolidated financial statements for 2006 is DKK 261.4 million. BioMar was not included in the consolidated income statement for 2005.

Profit for the year after tax was DKK 1,314.8 million against DKK 496.6 million in 2005. The financial results for the year were favourably affected by the fact that both the profit from the sale of the shares in the two packaging companies and the positive effect from the holding of Vestas shares are tax-free.

The consolidated profit after tax includes the share attributable to minority interests. Of the 2006 profit after tax of DKK 1,314.8 million, DKK 74.5 million was attributable to minority interests, leaving the profit after tax attributable to the shareholders of Schouw & Co. at DKK 1,240.3 million.

DEVELOPMENTS IN THE GROUP

The most significant event for Schouw & Co. in 2006 was the divestment of the two 50% owned packaging companies, Elopak Denmark and Elopak AB, in the autumn.

In a way, selling the packaging companies marked a break with tradition for Schouw & Co., but at the same time it also confirmed our strategy of owning companies as long as we provide the best ownership.

In this particular case, we believed that the packaging companies would best be able to capitalise on future opportunities by becoming fully integrated in the Norway-based Elopak Group. Following extended negotiations, we reached a mutual understanding of the price level, and Schouw & Co. received cash proceeds of DKK 505 million in the transaction.

This was also the year when the acquisition of a majority holding in BioMar effected at the end of 2005 made a significant contribution to the income statement, in terms of both revenue and profit.

BioMar has fully met all the expectations we had when we acquired the shares, and Schouw & Co. has clearly indicated its support for the continued development and growth in BioMar. For example, the company began to increase capacity in 2006, mainly in Chile, but also in Norway and the UK, and the new facilities are expected to be operational in mid-2007.

Grene completed two major extension projects at the Skjern, Denmark head office: new production facilities for Hydra-Grene which became operational in the spring of 2006 and the large extension of the Chr. C. Grene logistics centre. The first part of that facility became operational at the beginning of 2007.

Grene also strengthened its position in eastern and central Europe in 2006. In June, the company acquired 32.5% of the shares in Grene Poland from The Investment Fund for Central and Eastern Europe at a price of DKK 25.6 million. Grene now holds 97.6% of the shares in Grene Poland, while the rest is held by the Polish management. In November, Grene established a small business in the Czech Republic through the 50% owned Grene Kramp Holding.

Martin simplified its corporate structure in 2006, including by restructuring its production and logistics.

Fibertex built a new production line for the Personal Care Division in Aalborg, which has now been fully installed and forms a part of the division's business plans for 2007.

At the end of 2006, Fibertex acquired the outstanding 40% stake in the Malaysian subsidiary Fibertex Nonwovens Sdn. Bhd. from the Industrialisation Fund for Developing Countries (IFU) at a price of DKK 135 million, part of which amount was funded through a DKK 50 million capital injection from Schouw & Co.

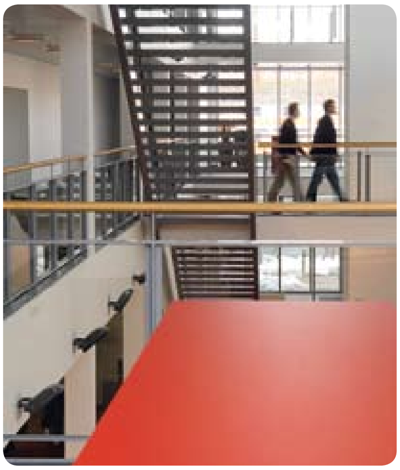
In addition, Schouw & Co. contributed DKK 15 million to Xergi and acquired shares of DKK 9.1 million in Incuba in connection with changes made to the ownership structure.

VESTAS WIND SYSTEMS

Schouw & Co. held 6,908,720 shares in Vestas at December 31, 2005, on which date the quoted share price (all trades) was DKK 103.45 per share.

Schouw & Co. sold a total of 2,108,720 Vestas shares in the first quarter of 2006 at an average price of DKK 118.07 per share net of transaction costs. Accordingly, the sale provided Schouw & Co. with cash proceeds of DKK 249.0 million, of which realised capital gains amounted to DKK 30.8 million.

IT-HOUSE KATRINEBJERG



At December 31, 2006, and at the date of this Annual Report, Schouw & Co. held 4,800,000 shares, equal to a 2.59% ownership interest in Vestas. As the official share price (all trades) at December 31, 2006 was DKK 241.27 per share, a positive value adjustment of DKK 661.5 million has been recognised in addition to the realised capital gain.

In total, the holding of Vestas shares had a positive impact on the consolidated financial items of DKK 692.4 million.

Schouw & Co. does not consider the holding of Vestas shares to be a long-term strategic stake, but continues to see a significant potential for the wind turbine industry.

INCUBA

Schouw & Co. is a part owner of the development and venture company Incuba A/S. In the second quarter of 2006, a new group of owners consisting of NRGi a.m.b.a., the Aarhus University Research Foundation and Schouw & Co. established a new ownership structure. As part of the negotiations, Schouw & Co. increased its ownership interest from 40.5% to 49.0%. Pursuant to a shareholder agreement Incuba will work to take part in establishing a new venture capital fund that will have energy-related activities as one of its core investment areas. The agreement also opens up for the two other shareholders bringing their shareholdings to the same nominal amount as Schouw & Co. has through an issue of new shares.

INCUBA reported a profit before tax of DKK 9.5 million in 2006, compared with a loss before tax of DKK 0.3 million in 2005. Schouw & Co. recognised its share of the profit before tax at DKK 4.9 million in the consolidated accounts.

INCUBA is involved in the venture capital area through its 32.6% ownership interest in the INCUBA Venture I K/S venture fund. In addition, INCUBA took part in establishing Inventure Capital A/S in 2006, a management business providing management services for three venture funds based in western Denmark, one of which is Incuba Venture.

INCUBA also has business development activities through its 26.9% ownership of East Jutland Innovation, its 22.8% ownership of Science Park Aarhus and its 34.0% stake in IT-House Katrinebjerg.

PROPERTY

The companies of the Schouw & Co. Group own most of the premises they occupy.

Also, the parent company, Schouw & Co. owns the properties at the following locations in Denmark: Chr. Filtenborgs Plads 1, Aarhus, the Group's head office; Hovmarken 8, Lystrup outside Aarhus, which houses the factory leased to Elopak Denmark; and Sadelmagervej 24, Vejle, which is also leased to a company that was formerly a part of the Group.

SPECIAL RISKS

Schouw & Co. is an industrial conglomerate whose primary activities are distributed on six different business areas and a portfolio of securities. By diversifying its businesses, the Group spreads its ordinary business risk exposure on its individual business areas. However, several of the business areas rely on certain raw materials and are thus sensitive to major fluctuations in the prices of such raw materials.

Schouw & Co. aims for a prudent valuation of the Group's assets and to make sure that individual companies cannot trigger a crisis for the overall Group.

The majority of the Group's activities are located in Denmark and the rest of Europe. The Group also has substantial assets outside of Europe, primarily in Malaysia and Chile.

Usual insurance cover has been taken out for assets of this nature, but the Group has not taken out cover for insurance events resulting from terrorist actions.

The parent company and the individual companies of the Group hold interest-bearing debt, part of which has short-term maturities, while part carries floating interest rates, resulting in overall ordinary risk.

In addition, the Group does not always hedge its operations denominated in currencies other than Danish kroner.

EVENTS AFTER THE BALANCE SHEET DATE

After the end of the financial year, BioMar agreed to buy an additional stake in Sjøtroll Havbruk AS and BioMar now holds 50.6 % of the share capital and has 50.9% of the voting rights. The agreement is subject to the requisite regulatory approvals.

BioMar has announced on several occasions that fish farming is not a part of its long-term strategy, but BioMar's management expects majority ownership to enhance the company's opportunities of divesting the entire shareholding on satisfactory terms.

For this reason, Sjøtroll is not regarded as continuing operations, and, accordingly, Sjøtroll will henceforth be recognised in a separate line item in the income statement as "Profit after tax of discontinuing operations". As a result, BioMar will fully recognise the share of the profit in Sjøtroll, a propor-

DIVIDENDS

DUE TO THE POSITIVE PROFIT PERFORMANCE, THE BOARD OF DIRECTORS INTENDS TO RECOMMEND TO THE ANNUAL GENERAL MEETING THAT A DIVIDEND OF DKK 6 PER SHARE OF DKK 10 NOMINAL VALUE BE PAID IN RESPECT OF THE 2006 FINANCIAL YEAR, AGAINST DKK 3 PER SHARE IN THE 2005 FINANCIAL YEAR. ACCORDINGLY, THE TOTAL DIVIDEND FOR THE YEAR WILL BE DKK 74.8 MILLION (2005: DKK 37.4 MILLION).

tionate part of which will subsequently flow to minority shareholders. Sjøtroll is expected to report profit for 2007 at least in line with 2006, but the performance is sensitive to fluctuations in the prices of salmon and trout.

Other than as set out above, Schouw & Co. is not aware of events occurring after December 31, 2006, which are expected to have a material impact on the Group's financial position or outlook.

OUTLOOK

The sale of the packaging businesses and of part of the holding of Vestas shares provided Schouw & Co. with cash proceeds of DKK 754 million in 2006. This has brought Schouw & Co.'s equity ratio to a rather high level when combined with the year's strong financial results.

Schouw & Co. has traditionally given priority to having a high equity ratio in order to ensure the necessary financial versatility, but we believe that the current equity ratio of 51.5% provides a potential for expanding the Group's operations substantially.

Our ambition is to exploit this potential, and we are ready to act if the right opportunities present themselves.

The companies of the Schouw & Co. Group will be facing different challenges in 2007.

BioMar and Grene will both have to meet expectations emanating from their highly satisfactory performances and successful results under favourable market conditions in 2006.

Martin will need to maintain the momentum from the improvements achieved in 2006 and to position the business for future growth with earnings at a permanently higher level.

Fibertex must ensure good utilisation of the installed production capacity and sharply improved profitability.

Lastly, Xergi will work to manage its substantial growth potential profitably.

Due to the balance sheet redistribution made pursuant to the IFRS rules, the profit before tax from BioMar that Schouw & Co. will recognise will be DKK 18 million less than the profit BioMar will announce.

Overall, Schouw & Co. projects consolidated full-year 2007 revenue of approximately DKK 8 billion and a profit before tax of DKK 330 million excluding the effects from the holding of Vestas shares and the contribution to profit from Sjøtroll.

The projected profit before tax equals a 10% improvement over 2006 on a same-activity basis.

PROJECTED PROFIT PERFORMANCE

The profit before tax for 2006 was impacted by a number of factors that should be eliminated before making a comparison with the profit forecast for 2007. When adjusted for these factors, the forecast implies a 10% improvement.

Sale of Grene property in Poland	DKK 13 million
Contribution to profit from Elopak	DKK 32 million
Profit from the sale of Elopak	DKK 283 million
Effects of the Vestas shares	DKK 692 million
Pension provision in BioMar	DKK 30 million
Contribution to profit from Sjøtroll *)	DKK 74 million
Special factors in 2006	DKK 1,124 million

*) In the 2007 income statement, Sjøtroll will be recognised in a separate line item below "Profit before tax".

PROFIT BEFORE TAX	ACTUAL 2006	EXPECTED 2007
Grene	DKK 101 million	DKK 110 million
Martin	DKK 19 million	DKK 30 million
Fibertex	DKK 33 million	DKK 50 million
BioMar	DKK 181 million	DKK 175 million
IFRS adjustment	DKK (24) million	DKK (18) million
Xergi	DKK 3 million	DKK 2 million
Parent company, etc.	DKK (14) million	DKK (19) million
Core operations	DKK 299 million	DKK 330 million
Special factors	DKK 1,124 million	-
Profit before tax	DKK 1,423 million	DKK 330 million

BOARD OF DIRECTORS AND MANAGEMENT

JØRN ANKÆR THOMSEN, CHAIRMAN
(BORN 1945, ELECTED TO THE BOARD IN 1982)

Chairman of: Aida A/S, Aktieselskabet af 26. november 1984, Bodilsen Holding A/S, Carlsen Byggecenter Løgten A/S, Th. C. Carlsen Løgten A/S, Carlsen Supermarked Løgten A/S, Danish Industrial Equipment A/S, Danske Invest Administration A/S, F.M.J. A/S, Frima Vafler A/S, GAM Holding A/S, GFKJURA 883 A/S, Ghana Impex A/S, Givesco A/S, Givesco Bakery A/S, Investeringsforeningen BG Invest, Investeringsforeningen Danske Invest, Kildebjerg Ry A/S, Krone Erhvervsinvestering A/S, Krone Kapital A/S, Løgten Midt A/S, K.E Mathiasen A/S, Ortopædisk Hospital Aarhus A/S, Pipeline Biotech A/S, Søndergaard Give A/S.
Deputy Chairman of: Carletti A/S.
Board member of: BioMar A/S, BioMar Holding A/S, Krone Kapital I A/S, Krone Kapital II A/S, Krone Kapital III A/S, Vestas Wind Systems A/S.

ERLING ESKILDSEN, DEPUTY CHAIRMAN
(BORN 1941, ELECTED TO THE BOARD IN 1988)

Chairman of: Carletti A/S, Dan Cake A/S, Givesco Bakery A/S, Leighton Foods A/S.
Board member of: Danish Industrial Equipment A/S, Frima Vafler A/S, Givesco A/S, O.K. Gruppen A/S, OK Snacks A/S, Struer Brød A/S, Søndergaard Give A/S.
Executive management: Danish Industrial Equipment A/S, Givesco A/S, Søndergaard Give A/S.

NIELS KRISTIAN AGNER (BORN 1943, ELECTED TO THE BOARD IN 1998)

Chairman of: G.E.C. Gad A/S, G.E.C. Gads Boghandel A/S, G.E.C. Gads Forlag A/S, Incuba Venture I K/S, InnFond P/S, InnKomplementar A/S, NOVI A/S, SP Group A/S, SP Moulding A/S.
Board member of: Dantherm A/S, D.F. Holding, Skive A/S, GW Energi A/S, Interket DK A/S.

Directorships in other Danish incorporated companies, excluding wholly owned subsidiaries of the Schouw & Co. Group.

ERLING LINDAHL (BORN 1945, ELECTED TO THE BOARD IN 2000)

Chairman of: Forskerpark Aarhus A/S, Kontorhuset Svendborg A/S, Lübker Golf A/S, MA 24 A/S, Venti A/S, Venti Holding A/S.
Board member of: Incuba A/S, IT-Huset Katrinebjerg A/S, Lindl Group A/S, Moprre A/S. Executive management: Lindl Group A/S.

KJELD JOHANNESEN (BORN 1953, ELECTED TO THE BOARD IN 2003)

Chairman of: Danish Crown Incorporated A/S, Tulip Food Company P/S.
Deputy Chairman of: DAT-Schaub a.m.b.a.
Board member of: Dansk Industri, Danske Slagterier, DAT-Schaub Holding A/S.
Executive management: Danish Crown a.m.b.a., Danish Crown Holding A/S.

JENS BJERG SØRENSEN, PRESIDENT (BORN 1957, APPOINTED IN 2000)

Chairman of: BioMar A/S, BioMar Holding A/S, Xergi A/S.
Board member of: Aktieselskabet af 26. november 1984, Aida A/S, Center for Ledelse, Dansk Moler Industri A/S, FAA Holding A/S, F.M.J. A/S, Incuba A/S, Incuba Venture I K/S.
Executive management: Aktieselskabet af 26. november 1984.

PETER KJÆR, VICE PRESIDENT (BORN 1956, APPOINTED IN 1993)

Chairman of: Østjysk Innovation A/S.
Board member of: Inventure Capital A/S, IT-Huset Katrinebjerg A/S, Lastas A/S, Xergi A/S.
Executive management: Incuba A/S.

INVESTOR INFORMATION

CAPITAL AND SHARE STRUCTURES

The shares of Aktieselskabet Schouw & Co. are listed on the Copenhagen Stock Exchange under securities identification/ISIN code DK0010253921.

Schouw & Co. has been a component of the MidCap+ index since July 1, 2004.

The Company's 12,470,000 shares of DKK 10 nominal value equal a total share capital of DKK 124,700,000 nominal value. All shares are issued to bearer, belong to a single class of shares and have no voting restrictions.

The company's Board of Directors reviews the company's capital and share structures at appropriate intervals. The company gives priority to retaining a high equity ratio in order to ensure the necessary financial versatility.

REGISTRAR

THE COMPANY'S REGISTRAR IS:
VP INVESTOR SERVICES A/S
(VP SERVICES A/S)
HELGESHØJ ALLE 61
P. O. BOX 20
DK-2630 TAASTRUP

SHAREHOLDER STRUCTURE

Schouw & Co. has some 4,800 registered shareholders, of whom the following are listed in the company's register in accordance with section 28 B of the Danish Public Companies Act:

Givesco A/S	28.72%
Direktør Svend Hornsylds Legat	15.15%
ATP pension fund	9.81%
Aktieselskabet Schouw & Co.	6.24%

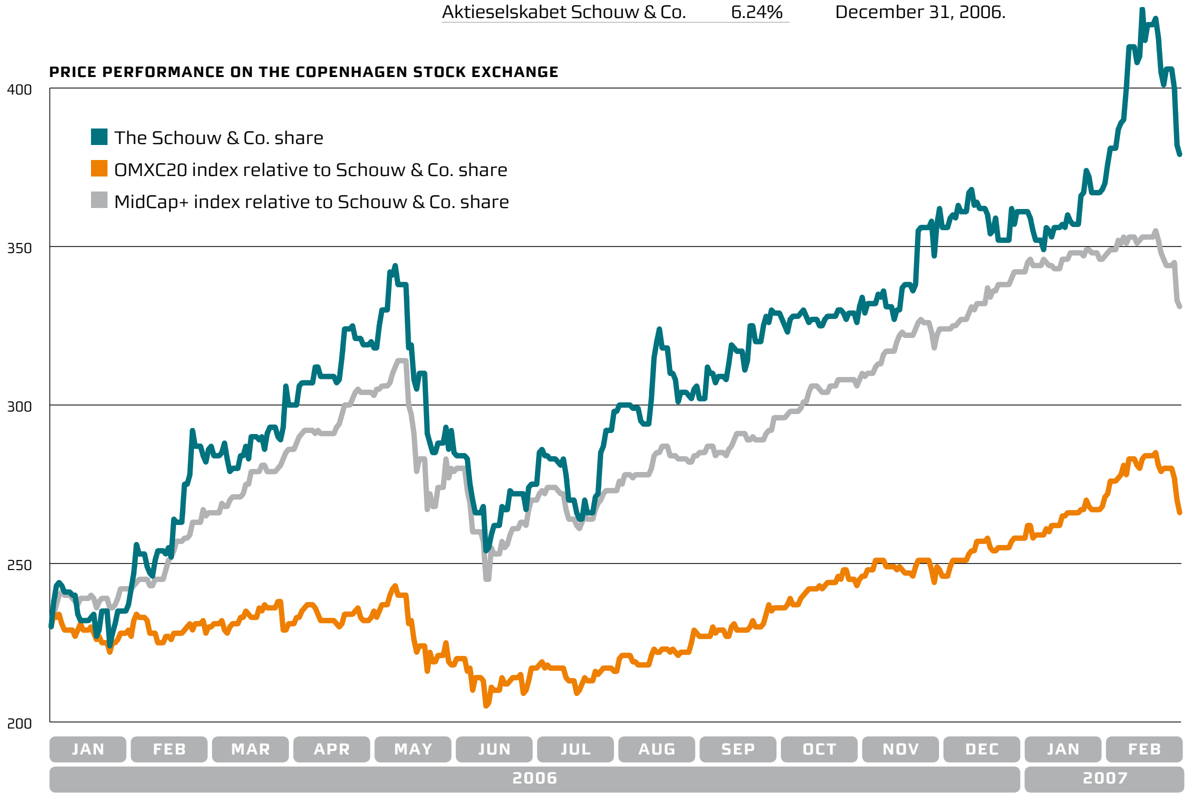
The Copenhagen Stock Exchange has previously pointed out that, pursuant to Section 31 of the Securities Trading Act, the three shareholders Givesco A/S, Direktør Svend Hornsylds Legat and Erling Eskildsen are to be considered as a single shareholder of Schouw & Co. The three shareholders hold in aggregate 47.90% of the shares in the company.

At the end of 2006 the Board of Directors and the Management of Schouw & Co. and their connected persons held a total of 644,526 and 37,392 shares, respectively, in the company.

At the end of 2006, the company held 777,926 treasury shares, equal to 6.24% of the share capital.

The market value of the holding of treasury shares was DKK 280 million at December 31, 2006.

PRICE PERFORMANCE ON THE COPENHAGEN STOCK EXCHANGE



PRICE PERFORMANCE

The Schouw & Co. share closed the year at a price of DKK 360.17 (all trades), compared with DKK 230.01 per share at December 31, 2005, for a total market capitalisation of DKK 4,491 million at the close of the financial year, against DKK 2,868 million at the close of 2005, equivalent to a rise of 56.6%. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 4,211 million at December 31, 2006.

To benchmark the performance, the company uses the OMXC20 and the MidCap+ indices, which rose by 12.2% and 48.7%, respectively.

WEB SITE

Schouw & Co.'s web site – www.schouw.dk – contains announcements to the Copenhagen Stock Exchange and interim financial statements, as well as more detailed information on the Group.

FINANCIAL CALENDAR

APRIL 12, 2007 ANNUAL GENERAL MEETING
MAY 10, 2007 EXPECTED RELEASE OF Q1 2007 INTERIM REPORT
AUGUST 16, 2007 EXPECTED RELEASE OF H1 2007 INTERIM REPORT
NOVEMBER 8, 2007 EXPECTED RELEASE OF Q3 2007 INTERIM REPORT

INCENTIVE PROGRAMMES

Schouw & Co. set up a share-based incentive programme in January 2003, comprising the Management and seven senior managers, including executive management of subsidiaries. The programme was settled in cash against DKK 6.5 million in 2006.

In continuation of the share-based incentive programme, Schouw & Co. awarded, in April 2005, 18,000 share options to members of the Management (two persons) and a total of 78,000 share options to other senior managers, including the executive management of subsidiaries (ten persons).

The share options are exercisable during a four-week period following the publication of Schouw & Co.'s full-year profit announcement for the 2006 financial year at a strike price of DKK 167.50, equal to the market price of the shares at the time of grant plus a 3% premium per annum.

In addition, Schouw & Co. awarded, in March 2006, another 27,000 share options to members of the Management (two persons) and a total of 93,000 share options to other senior managers, including the executive management of subsidiaries (ten persons).

The share options are exercisable during a four-week period following the publication of Schouw & Co.'s full-year profit announcement for the 2007 financial year at a strike price of DKK 304.75, equal to the market price of the shares at the time of grant plus a 3% premium per annum.

The entire share option programme is covered by Schouw & Co.'s holding of treasury shares, which is recognised in the balance sheet at DKK 0.

INVESTOR RELATIONS POLICY

Schouw & Co. aims to create value and achieve results to match the best of our industry peers and for the company's share price to always reflect the true values of the Group.

The company's investor relations policy is to provide reliable information and to maintain professional relations with shareholders and the market.

Schouw & Co. complies with the duty of disclosure rules of the Copenhagen Stock Exchange and releases all market-related information to the Copenhagen Stock Exchange first and subsequently to investors and other stakeholders.

The company's annual and interim reports and its stock exchange announcements of the last three years are available from its web site, www.schouw.dk, where users can also subscribe to the company's news service.

Schouw & Co. holds presentations when releasing the company's annual and half-yearly reports. Such presentations are web cast in cooperation with the Copenhagen Stock Exchange in order to ensure that all investors have equal access. The web casts are subsequently available at the company's web site.

Schouw & Co. also occasionally holds meetings with investors and other parties. Presentations from such meetings are also available from the company's web site.

Schouw & Co. observes a three-week silent period ahead of releasing financial reports. During such periods, our financial communications are subject to special restrictions.

Any queries to the company's management should be e-mailed to: schouw@schouw.dk.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors of Schouw & Co. held six Board meetings, a conference call and a Board seminar in 2006, corresponding to the ordinary level of Board activity in the company.

Ordinary Board meetings are scheduled at least six months in advance. Board meetings are normally attended by all members of the Board and the Management Board. At Board meetings held in 2006, the number of Board members unable to attend was never more than one.

For reasons of principle, the Chairman of the Board, Jørn Ankær Thomsen, does not participate in business regarding the holding of shares in Vestas Wind Systems A/S.

Niels Kristian Agner and Kjeld Johannesen are considered to be independent members of the Board, whereas Jørn Ankær Thomsen, Erling Eskildsen and Erling Lindahl are not considered to be independent under the definition provided in Corporate Governance Recommendations issued by the Copenhagen Stock Exchange.

Board meetings are conducted in accordance with a fixed master agenda, which ensures compliance with the Board's rules of procedure.

The Schouw & Co. Group has a decentralised corporate structure, under which the individual portfolio companies enjoy a large degree of independence and have their own individual organisation and management.

The boards of directors of the individual portfolio companies are generally composed of a representative from each of the Board of Directors and the Management Board of Schouw & Co. along with two external Board members with special interest and knowledge of the particular portfolio company's business area.

CORPORATE GOVERNANCE

The Management and the Board of Directors of Schouw & Co. see corporate governance as a natural part of responsible business operations, addressing on an ongoing basis the issues in relation to corporate governance and interaction with the company's stakeholders.

In our opinion, therefore, Schouw & Co. complies in all material respects with the intentions of the Recommendations on Corporate Governance issued by the Copenhagen Stock Exchange.

However, corporate governance is an ongoing process. Consequently, there are procedures and policies which Schouw & Co. has not formalised and expressed in writing to the extent proposed in the corporate governance recommendations.

In addition, there are areas in which Schouw & Co. does not apply the corporate governance recommendations. In such cases the Management and Board seek other ways of maintaining high standards.

Below is a brief outline of the areas in which Schouw & Co. is believed to diverge materially from the corporate governance recommendations. The outline is based on the eight main areas of Recommendations on Corporate Governance issued by the Copenhagen Stock Exchange.

I. THE ROLE OF THE SHAREHOLDERS AND THEIR INTERACTION WITH THE MANAGEMENT OF THE COMPANY

Shareholders have traditionally not been able to consider each individual item separately on the agenda when voting by proxy, because the company has not identified a material need therefor.

No other significant divergence.

II. THE ROLE OF STAKEHOLDERS AND THEIR IMPORTANCE TO THE COMPANY

No significant divergence.

III. OPENNESS AND TRANSPARENCY

No significant divergence.

IV. THE TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

No significant divergence.

V. THE COMPOSITION OF THE BOARD OF DIRECTORS

Schouw & Co. does not entirely comply with the recommendations on board independence, because we believe the Board composition meets the company's needs.

Schouw & Co. has no restrictions on the number of directorships a Board member may hold and has not determined an age limit, because we consider Board members' personal working capacity a matter for individual assessment.

Board members are elected for terms of four years, because continuity is considered to be a significant factor in a diversified group.

Schouw & Co. does not announce recruitment criteria or an annual profile of the Board. Nor does the company perform an annual evaluation, because the company does not see a significant need therefor.

No other significant divergence.

VI. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT

Schouw & Co. does not publish information on the company's remuneration policy or the remuneration paid to individuals, because such information is not considered relevant. Members of the Management have no unusual terms of employment, and as a matter of principle the Board does not receive incentive remuneration.

No other significant divergence.

VII. RISK MANAGEMENT

No significant divergence.

VIII. AUDIT

No significant divergence.

ANNOUNCEMENTS TO THE COPENHAGEN STOCK EXCHANGE

Schouw & Co.'s announcements to the Copenhagen Stock Exchange since January 1, 2006. These reports are available at the company's web site, www.schouw.dk.

FEBRUARY 14, 2006. NO. 1. RESULT OF MANDATORY TENDER OFFER TO THE SHAREHOLDERS OF BIOMAR HOLDING A/S
Schouw & Co. owns 7,569,990 shares in BioMar Holding corresponding to 68.82 per cent of the share capital in the company.

MARCH 15, 2006. NO. 2. ANNUAL REPORT 2005
The Schouw & Co. Group generated consolidated turnover of DKK 3,739 million and a profit before tax of DKK 530 million in the year ended December 31, 2005.

MARCH 27, 2006. NO. 3. INCENTIVE PROGRAMME TERMINATED; NEW PROGRAMME ESTABLISHED
Decision to issue and grant an additional 120,000 share options to members of the Management and other senior executives.

APRIL 19, 2006. NO. 4. ANNUAL GENERAL MEETING OF SCHOUW & CO.
The company held its annual general meeting on April 19, 2006.

MAY 10, 2006. NO. 5. INTERIM REPORT – FIRST QUARTER OF 2006
The Group's profit before tax for the first quarter of 2006 improved by DKK 122.1 million to DKK 289.9 million. Profit before tax for the full year and value adjustment on the holding of shares in Vestas is expected to be approximately DKK 300 million.

AUGUST 16, 2006. NO. 6. FIBERTEX APPOINTS NEW MANAGING DIRECTOR
Fibertex has appointed 44-year old Michael Meulengracht to replace Knud Wæde Hansen as its managing director.

AUGUST 17, 2006. NO. 7. INTERIM REPORT – FIRST HALF OF 2006
The Group's profit before tax for the first half-year of 2006 improved by DKK 26.6 million to DKK 415.4 million. Profit before tax for the full year and value adjustment on the holding of shares in Vestas is expected to be approximately DKK 360 million.

SEPTEMBER 20, 2006. NO. 8. SCHOUW & CO. DIVESTING PACKAGING BUSINESSES
Schouw & Co. is divesting its 50% ownership interest in the two packaging businesses, Elopak Denmark A/S and Elopak AB to the co-shareholder, Norway-based Elopak Group. Schouw & Co. now forecasts a profit before tax and the effects of the holding of Vestas shares of approximately DKK 630 million for 2006.

OCTOBER 31, 2006. NO. 9. TRANSFER OF THE PACKAGING COMPANIES
All conditions for the transfer of Schouw & Co.'s 50% ownership interest in the two packaging businesses to Norway-based Elopak Group have now been satisfied.

NOVEMBER 9, 2006. NO. 10. INTERIM REPORT – THIRD QUARTER OF 2006
The Group's profit before tax for the third quarter of 2006 improved by DKK 9.5 million to DKK 468.4 million. For 2006 overall, Schouw & Co. maintains the forecast of a profit before tax and the effects of the holding of Vestas shares in the region of DKK 630 million.

NOVEMBER 9, 2006. NO. 11. SCHOUW & CO. HOLDING OF TREASURY SHARES REPRESENTS 6.24% OF THE SHARE CAPITAL
Schouw & Co.'s holding of treasury shares comprises 777,926 shares of DKK 10 each.

DECEMBER 4, 2006. NO. 12. CHANGE IN BIOMAR'S PENSION LIABILITIES EXPECTED TO INCREASE THE PROFIT FOR THE YEAR
BioMar reduced its provisions for pension liabilities, improving the pre-tax profit by approximately DKK 30 million. Accordingly, for the full-year 2006, Schouw & Co. now forecasts a profit before tax and the effects of the holding of Vestas shares of approximately DKK 660 million.

JANUARY 4, 2007. NO. 1. FIBERTEX ACQUIRES MINORITY INTERESTS IN FIBERTEX MALAYSIA FROM IFU
Fibertex A/S in Aalborg has acquired the remaining 40% stake in the Malaysian subsidiary Fibertex Nonwovens Sdn. Bhd. from the Industrialisation Fund for Developing Countries (IFU).

GRENE

FINANCIAL PERFORMANCE

Grene reported a good year in 2006, generating financial results well ahead of expectations.

Revenue was up from DKK 1,246 million in 2005 to DKK 1,363 million in 2006. The improvement was mainly attributable to Hydra-Grene, Chr. C. Grene and Grene Poland, but the other Grene businesses also reported improvements.

Profit for the year before tax was DKK 113.6 million against DKK 115.5 million in 2005. The profit before tax for 2006 was lifted by DKK 12.6 million from the sale of land and buildings in Poland, while in 2005 it was lifted by DKK 17.6 million from the sale of the Hydropower subsidiary.

Operating performance improved especially for Hydra-Grene and Grene Poland, but also for Grene Industriservice, although the latter's performance is still not satisfactory.

The remaining Grene businesses all reported results in line with or below their 2005 performances. It should be noted that Chr. C. Grene's financial results were impacted by the costs of the large extension of the central warehouse in Skjern.

Overall, the profit for the year was highly satisfactory.

AGRO

The Agro business is operated by Chr. C. Grene in Denmark and by the Grene companies in Norway, Sweden, Finland, Poland and the rest of eastern and central Europe.

Structural developments continue unabatedly in Grene's traditional markets. In 2006, Grene worked diligently to position the company by developing logistics and ordering systems. At the same time, Grene invested strongly in branding and positioning the company, and its sales channels are also being developed.

Grene strengthened its position in Poland in 2006 by acquiring a 32.5% stake in Grene Poland from the Investment Fund for Central and Eastern Europe, bringing its ownership interest to 97.6%.

Grene Kramp Holding, a 50/50 joint venture owned by Grene and the Dutch company Kramp Groep, set up operations in the Czech Republic effective November 1, 2006 by taking a 65% ownership interest in Grene Kramp s.r.o. This is a small business located near Brno in the eastern part of the Czech Republic. From this location, the company also covers Slovakia.

Revenue in the Agro sector was DKK 700 million against DKK 619 million in 2005.

HYDRAULICS

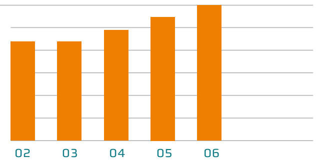
Activities in the Hydraulics sector are primarily handled by Hydra-Grene in Denmark and to a minor extent by the Grene businesses in Sweden, Norway and Poland.

Hydra-Grene reported good revenue improvement in 2006 and once again a highly satisfactory profit.

A stronger effort in the export markets contributed to the revenue

DKK MILLION	2006	2005	2004	2003	2002
REVENUE	1,362.9	1,246.0	1,113.3	996.9	999.4
EBITDA	150.8	136.4	126.2	105.3	111.2
EBIT	124.7	109.0	100.0	75.7	78.5
PROFIT BEFORE TAX	113.6	115.5	95.1	62.7	67.8
TOTAL ASSETS	961.2	794.2	751.6	681.2	640.0
EQUITY	369.5	364.2	309.4	274.2	269.7

REVENUE PERFORMANCE



improvement. Hydra-Grene is currently establishing subsidiaries in China and India, which are initially expected to generate sales to European companies setting up production in the two countries.

The Swedish operations continued to expand and revenue from Norway and Poland improved.

Revenue in the Hydraulics sector was DKK 362 million against DKK 358 million in 2005, when revenue included DKK 52 million from the subsidiary Hydropower, which was divested on September 30, 2005.

INDUSTRY

Grene Industri-service and Grene Industri-OEM, an independent business unit of Chr. C. Grene, handle the activities in the Industry business area, which are mainly based in Denmark.

Grene Industri-service is mainly involved in component sales as well as electromechanic, automation and maintenance services. The company has steadily improved its financial results over the past few years, but still needs to show positive developments.

Grene Industri-OEM is focused on OEM customers and customers with a similar procurement profile, serving the customers direct from the large central warehouse in Skjern, Jutland. The work performed in 2006 centred on strengthening the company's market position, which produced satisfactory results.

Revenue in the Industry sector was DKK 301 million against DKK 269 million in 2005.

PRODUCT DEVELOPMENT

As Grene's business predominantly involves goods for resale, the company does not conduct actual research and development activities, but does update and develop its product assortment and adapts its service offering to market requirements on a regular basis.

OUTLOOK

Grene continues to see good development opportunities for the company's three business areas.

The year was marked by considerable construction activity around the head office in Skjern. Hydra-Grene began using new production facilities for pipe fittings. Chr. C. Grene has built a computerised warehouse with a fully automatic miniload facility and began operating the first part of the facility at the beginning of 2007.

In addition, Grene has acquired two small properties located immediately next to the existing facilities in Skjern in order to ensure that the company can continue expanding as required. Also, the company has begun a major expansion of the warehouse in Poland.

The work to develop the company's logistics, IT and selling concepts will continue in 2007 and it is expected to help Grene to sustain the positive momentum in the next few years. However, the results in 2007 will be impacted by the costs of changing and implementing new systems and activities.

Overall, Grene expects to achieve revenue of almost DKK 1.5 billion and a profit before tax of approximately DKK 110 million in 2007.

FACTS ABOUT GRENE

GRENE IS A TRADING BUSINESS OPERATING IN:
- **AGRO – THE SALE OF SPARE PARTS AND ACCESSORIES FOR THE AGRICULTURAL SECTOR.**
- **HYDRAULICS – SALES AND PRODUCTION FOR INDUSTRY AND AGRICULTURE.**
- **INDUSTRY - SALES, SERVICE AND AUTOMATION PROJECTS FOR INDUSTRY.**

HEAD OFFICE IN SKJERN, DENMARK AND CORE MARKETS IN THE NORDIC REGION AND IN EASTERN AND CENTRAL EUROPE.

875 EMPLOYEES.

DID YOU KNOW?
- **THAT GRENE'S NEW COMPUTERISED WAREHOUSE CONTAINS 100,000 BOXES WHICH IT TOOK 72 LORRIES TO DELIVER.**
- **THAT HYDRA-GRENE USED MORE THAN 1,100 KILOMETRES OF HYDRAULIC HOSE IN 2006.**

MARTIN

FINANCIAL PERFORMANCE

In 2006, Martin successfully maintained the positive developments in the company's operations that began in the second half of 2005.

Revenue was up from DKK 955 million in 2005 to DKK 1,027 million in 2006, the highest ever, as Martin generated new sales records in a number of geographical markets. The improvement was very much attributable to a more focused sales effort, combined with the launch of new products and generally greater propensity to invest in the market.

The profit before tax was DKK 19.0 million against a loss of DKK 62.5 million in 2005. The substantial profit improvement was driven both by the higher revenue and by reduced fixed costs. Martin has met expectations in each quarter of the year, showing the effects of the initiatives taken during the transition process.

The profit improvement during the past year is considered to be highly satisfactory.

MARKET TRENDS

Martin has made a dedicated effort to complete a process to transform the business and to be more customer-focused based on an application-driven market approach in which custom-made full-service solutions act as a driver to expanding the market potential. The business is also seeing much better quality in the settlement of individual orders, leading to improvements in the company's profitability and image.

As part of the transition process, Martin has divided the market for lighting products into four segments, Show, TV/theatre, Commercial and Public Spaces, adapting sales and marketing efforts to the individual segments.

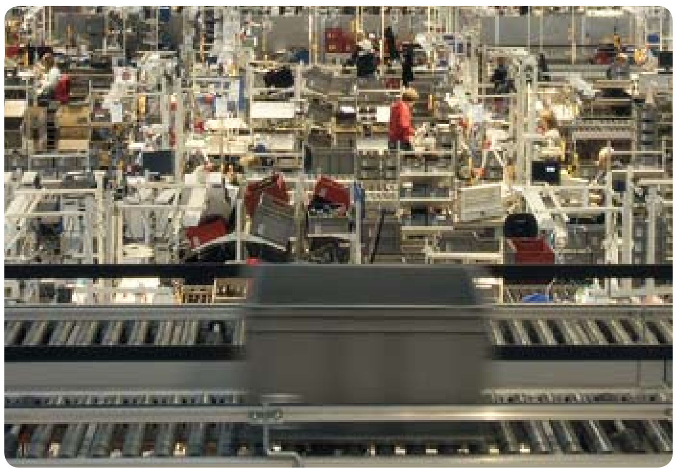
Martin reported positive performance in all important markets in 2006. The positive trend was strongly driven by the launch of new products, such as the MAC 700 Moving Head series and the new TW1 theatre light, combined with the focused sales efforts and the improved supply capacity. The largest segments remain Show and Commercial.

In spite of the persistently tough price competition, Martin generally experienced good investment trends in the market. The average order size has increased and the order book expanded substantially during the year.

Accounting for 90% of revenue, lighting sales continue to be a predominant part of Martin's operations. However, sales of the company's other products in smoke machines and smoke products for the security industry have also performed well.

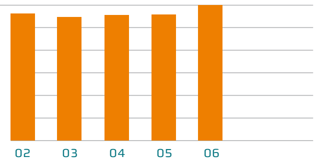
PRODUCT DEVELOPMENT

Product development plays a very important part of the process to transform Martin's business. The company has focused on developing products with a promising potential, while also allocating substantial resources to improving product quality, for example



DKK MILLION	2006	2005	2004	2003	2002
REVENUE	1,027.4	955.5	952.6	936.4	965.9
EBITDA	99.1	49.3	58.3	66.5	130.1
EBIT	44.5	(31.6)	(26.4)	(21.1)	51.6
PROFIT BEFORE TAX	19.0	(62.5)	(53.0)	(46.6)	32.2
TOTAL ASSETS	924.3	946.3	968.3	1,005.9	919.2
EQUITY	219.8	215.4	174.0	137.6	185.4

REVENUE PERFORMANCE



by implementing a new product development process.

This dedicated effort has sharply increased the proportion of new products in the portfolio, and the heightened quality standard has improved both image and profits at Martin.

Ongoing product development plays a very important role for Martin. Consequently, the substantial development resources and technical skills at its disposal make Martin a stronger business.

In addition to the ongoing further development of the company's existing products and technologies, Martin also works with promising possibilities. For example, the launch of a whole new product concept involving media video walls within a few years could have substantial potential. Martin deliberately tries to shorten the time from idea to market by using external business partners for product development, including by acquiring technologies.

OUTLOOK

Martin expects that the ongoing transition process will continue to generate new revenue as the product portfolio becomes younger and younger and thanks to the dedicated marketing efforts. In addition, the company has strengthened its entire supply chain, for example by way of central finished goods inventories.

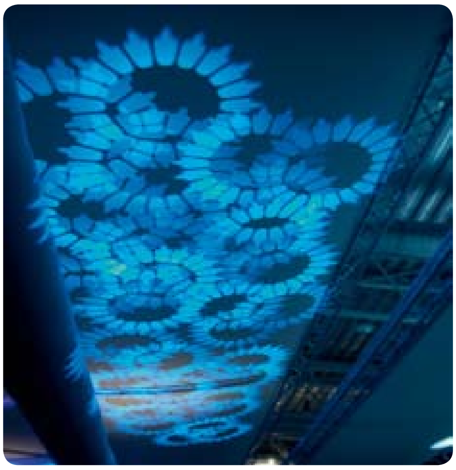
The Commercial and TV/Theatre segments are expected to drive a substantial part of the improvements and to contribute to evening out seasonal fluctuations.

The introduction of the new product concept involving media video walls and media servers is expected to enhance the long-term market potential substantially.

Martin has implemented substantial cost cuts in recent years. The business will remain focused on cost management in 2007, including on enhancing efficiency, utilising materials better and more efficient procurement. The cost management efforts are a reaction to the expected increases in raw materials prices and costs in general. Martin will still be sensitive to fluctuations in the exchange rate of the US dollar.

In 2007, Martin expects to retain the improvements achieved in 2006. The company expects to generate moderate revenue growth of about 5% and a profit before tax in the range of DKK 30 million.

Martin continues to face a number of big challenges, both in terms of markets and products. The positive development in the company's operations that began in the second half of 2005 gained strength in 2006 and it is expected to be maintained in 2007. This performance lends support to expectations that within a few years, Martin will be able to enhance earnings to a level reflecting the company's international position.



FACTS ABOUT MARTIN

MARTIN IS THE WORLD'S LEADING MANUFACTURER OF COMPUTER-CONTROLLED EFFECT LIGHTING, WHICH IS SOLD TO THE ENTERTAINMENT INDUSTRY IN MOST PARTS OF THE WORLD. MARTIN ALSO PRODUCES SMOKE MACHINES AND SMOKE PRODUCTS FOR THE SECURITY INDUSTRY.
HEAD OFFICE IN AARHUS, DENMARK AND CORE MARKETS IN EUROPE, NORTH AMERICA AND ASIA.

1,100 EMPLOYEES.

DID YOU KNOW?
- **THAT THE MAC TW1 WAS INSTALLED IN FAMOUS THEATRES ON BROADWAY AND IN THE WEST END.**
- **LIGHT PRODUCED BY MARTIN ACCOMPANIED INTERNATIONAL STARS, SUCH AS BARBARA STREISAND, CHRISTINA AGUILERA, PINK, MARK KNOPFLER, ROBBIE WILLIAMS, RADIOHEAD, ROLLING STONES AND MADONNA ON TOUR IN 2006.**

FIBERTEX

FINANCIAL PERFORMANCE

Fibertex faced a number of different challenges in 2006, which had a negative impact on the financial results.

Revenue was up from DKK 1,133 million in 2005 to DKK 1,318 million in 2006. The improvement came mainly from Malaysia, but the other units also recorded progress. However, overall revenue fell short of expectations.

Higher selling prices were part of the reason for the revenue increase, but this was not enough to off-set the higher raw materials prices.

Profit for the year before tax fell to DKK 32.8 million from DKK 61.6 million in 2005. The performance in the Personal Care Division consisted on a significant improvement in Malaysia and a largely similar decline in Aalborg, while the Technical Division suffered setbacks both in the Czech Republic and in Aalborg.

The overall financial results fell well short of expectations and were thus not satisfactory.

PERSONAL CARE DIVISION

2006 was a challenging year for the Personal Care Division in Aalborg.

Insufficient volumes during most of the year, inability to pass on increases in raw materials prices, temporary production difficulties, challenges relating to the installation of the new production line and the running-in of new staff combined to result in a substantial decline in profit.

The new production line is now fully installed, however, and the temporary production difficulties are under control. Fibertex has launched a training programme for production staff, and the division has prepared a clearly-defined business plan for 2007.

On the other hand, the Personal Care Division in Malaysia performed well in 2006, producing steadily improving results as the year progressed. An improved sales mix, greater efficiency and a high level of quality are key reasons for the good performance.

With the business in Malaysia now fully established, it was a natural next step for Fibertex to acquire the outstanding 40% stake in the Malaysian subsidiary Fibertex Nonwovens Sdn. Bhd. from the Industrialisation Fund for Developing Countries (IFU) effective January 1.

Since its formation in 2002, the subsidiary in Malaysia has been owned by Fibertex in a well-functioning partnership with IFU on a 60:40 basis. The aggregate price for the shares was DKK 135 million, part of which amount was funded through a DKK 50 million capital injection from Schouw & Co.

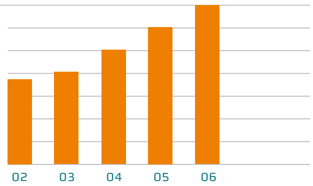
The Personal Care Division's overall revenue was up by 22% to DKK 785 million, of which DKK 319 million was generated in Malaysia.

TECHNICAL DIVISION

2006 was a difficult year for the Technical Division. A degree of excess capacity and tough price competition in the market prevented the Division from passing on high raw materials prices to customers.

DKK MILLION	2006	2005	2004	2003	2002
REVENUE	1,318.3	1,132.5	946.8	765.1	704.4
EBITDA	172.2	161.0	177.9	157.6	152.1
EBIT	59.2	77.0	96.6	99.7	95.7
PROFIT BEFORE TAX	32.8	61.6	76.4	91.0	74.0
TOTAL ASSETS	1,795.9	1,501.1	1,200.0	928.0	835.8
EQUITY	517.3	566.3	506.5	382.0	353.7

REVENUE PERFORMANCE



The negative performance was particularly strong in the Technical Division's Czech operations, as operational disruptions resulting from rebuilding and repairwork on production facilities impacted the results. However, the largest factor of the profit shortfall was the poor sales performance of value-added products.

The new NSC line with state-of-the-art needlepunch technology, which was installed at the Czech site in 2005, was more challenging to run-in than had been expected. The line was fully run-in by the end of 2006, however, and in 2007 Fibertex expects to take advantage of the line's technology features, for example in the automotive industry.

The Technical Division's overall revenue was up by 8.5% to DKK 533 million, of which DKK 86 million was generated in the Czech Republic.

PRODUCT DEVELOPMENT

It is important for Fibertex to secure technology leadership through innovation and developing new products that meet customer needs. To support this position, the company is currently building a new innovation and R&D centre next to the factories in Aalborg, where it is pooling its resources in order to strengthen its innovation and development power. The new centre is expected to be completed in the summer of 2007.

In December 2005, Fibertex received a grant from the Danish National Advanced Technology Foundation for a project on nanotechnology applications. A strong international R&D team has been set up for the project, which is being conducted in collaboration with the universities of Aarhus and Aalborg. The overall project is scheduled to run for four years, and the grant from the National Advanced Technology Foundation will cover 50% of the DKK 40 million budget.

OUTLOOK

At the turn of the year, Michael Meulengracht took over the position of managing director from Knud Wæde Hansen in a planned generational change. Together with the rest of the executive management of Fibertex, Mr Meulengracht will give priority to tackling the challenges facing Fibertex in 2007.

Both the Personal Care Division and the Technical Division will work to improve capacity utilisation. Already, a number of sales initiatives have been made to increase sales volumes in general and sales of value-added products in particular.

The divisions will continue the work to enhance production efficiency, while retaining the high level of product quality.

Fibertex is strongly positioned in terms of technology, geographical locations and its relations with the principal customers.

As a result, Fibertex expects to generate revenue of approximately DKK 1.6 billion and a profit before tax of around DKK 50 million in 2007.

FACTS ABOUT FIBERTEX

FIBERTEX IS A LEADING MANUFACTURER OF NONWOVENS, I.E. NON-WOVEN TEXTILES USED BY VARIOUS INDUSTRIES IN A NUMBER OF DIFFERENT AREAS. FIBERTEX IS DIVIDED INTO THE PERSONAL CARE DIVISION AND THE TECHNICAL DIVISION, WHICH ARE BASED ON THE SPUNBOND/MELTBLOWN TECHNOLOGY AND THE NEEDLEPUNCH TECHNOLOGY, RESPECTIVELY. HEAD OFFICE IN AALBORG, DENMARK AND CORE MARKETS IN EUROPE, ASIA AND NORTH AMERICA.

800 EMPLOYEES.

DID YOU KNOW?

- **THAT FIBERTEX IS KNOWN AS THE MARKET EXPERTS IN LEAK BARRIERS FOR DIAPERS.**
- **THAT FIBERTEX' PRODUCTS ARE USED IN MANY DIFFERENT CARS. OFTEN AS MUCH AS 20–30 M2 IN EACH CAR.**

BIOMAR

FINANCIAL PERFORMANCE

2006 was an exceptional year for BioMar.

Revenue was up from DKK 2,622 million in 2005 to DKK 3,274 million in 2006. The revenue improvement was driven by higher selling prices due to higher raw materials prices and by higher volume sales resulting from a generally positive trend in the market for salmon feed and good climatic conditions during the final months of the year.

Profit for the year before tax was DKK 285.3 million against DKK 176.2 million in 2005. The good performance was especially attributable to the associate Sjøtroll, a Norwegian sea farming company, and to strong capacity utilisation during the year. In addition, profit was lifted by approximately DKK 30 million due to a reversal of pension provisions.

The profit before tax was better than expected and highly satisfactory.

MARKET TRENDS

Climatic conditions were extremely favourable for BioMar in 2006. Water temperatures were above normal during the final months of the year, especially in Norway and the UK, leading to improved fish growth and thereby record-high sales volumes for BioMar.

Fish prices, salmon prices in particular, were high during 2006, resulting in improved profitability for BioMar's customers, including for the associate Sjøtroll. As a result, BioMar recorded moderate losses and provisions during the year and a high return from the investment in Sjøtroll.

BioMar is close to full capacity utilisation during the peak season. Accordingly, the company has begun to increase the capacity in Chile, Norway and the UK, and the new facilities are expected to be operational in mid-2007.

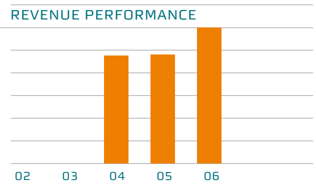
PRODUCT DEVELOPMENT

Through years of research and development, BioMar has won recognition as an innovative business supplying competitive products and services.

BioMar is working constantly to improve product properties, so as to optimise growth, quality and health in the fish while minimising the environmental impact. The cost of feed is an important component in the price of producing fish, and as a result having good product properties is a key competitive factor for BioMar.

BioMar makes a dedicated effort to optimise feed composition and sustainability. Testing and implementation of new raw materials is the means of ensuring the most cost effective composition of raw materials, and substituting marine ingredients with alternative raw materials is a means of supporting sustainability in the aquaculture industry.

DKK MILLION	2006	2005	2004	2003	2002
REVENUE	3,273.8	2,622.1	2,603.5	-	-
EBITDA	312.9	210.4	123.6	-	-
EBIT	231.9	124.3	27.1	-	-
PROFIT BEFORE TAX	285.3	176.2	34.0	-	-
TOTAL ASSETS	1,949.6	1,761.0	1,882.8	-	-
EQUITY	967.4	835.9	1,254.5	-	-



Raw materials prices increased sharply in 2006, especially the price of fish meal. This serves to underline the need for further optimising feed composition, and thanks to its specialist staff and test facilities, BioMar stands well prepared for this challenge.

ORGANISATIONAL CHANGES

BioMar completed an extensive strategic process in 2006 that has resulted in a new two-stage strategy: Going for Global Growth, a new two-stage strategy. The first stage involves creating the right foundation for growth, such as by setting up a new regional organisation. The second stage is to step up business development along with R&D in order to enhance the company's competitive strength and see the growth potential materialise.

OUTLOOK

BioMar holds an 18% share of the markets the company operates in. BioMar is well positioned among manufacturers of quality fish feed, but even though the industry appears to be relatively consolidated, the market is also very competitive.

As a result, BioMar anticipates a slightly less positive market in 2007, as raw materials prices will continue to remain high and the company's customers may not experience conditions as favourable as those seen in 2006.

After the end of the financial year, BioMar agreed to buy an additional stake in Sjøtroll and BioMar now holds 50.6% of the capital and has 50.9% of the voting rights. The agreement is subject to the requisite regulatory approvals.

BioMar has announced on several occasions that fish farming is not a part of its long-term strategy, but BioMar's management expects majority ownership to enhance the company's opportunities of divesting the entire shareholding on satisfactory terms.

For this reason, Sjøtroll is not regarded as continuing operations, and, accordingly, Sjøtroll will henceforth be recognised in a separate line item in the income statement as "Profit after tax of discontinuing operations". As a result, BioMar will fully recognise the share of the profit in Sjøtroll, a proportionate part of which will subsequently flow to minority shareholders. Sjøtroll is expected to report profit for 2007 at least in line with 2006, but the performance is sensitive to fluctuations in the prices of salmon and trout.

BioMar has forecast 2007 revenue of DKK 3.6 billion and a profit before tax from continuing operations of approximately DKK 175 million.

In a comparison with last year's results, it should be noted that the profit before tax for 2006 includes a positive contribution of DKK 30 million from the pension provision reversal and a DKK 74 million contribution to profit from Sjøtroll, which are not included in the 2007 profit forecast.

FACTS ABOUT BIOMAR

BIOMAR IS THE WORLD'S THIRD-LARGEST MANUFACTURER OF QUALITY FEED FOR THE FISH FARMING INDUSTRY.
THE COMPANY'S CORE BUSINESS AREA IS SALMON AND TROUT FEED IN NORWAY, THE UK AND CHILE, AND FOR FRESHWATER TROUT AND SEA BASS/ SEA BREAM IN CONTINENTAL EUROPE.
BIOMAR IS LISTED ON THE COPENHAGEN STOCK EXCHANGE. THE COMPANY'S HEAD OFFICE IS LOCATED IN AARHUS AND ITS CORE MARKETS ARE IN EUROPE AND SOUTH AMERICA.

500 EMPLOYEES.

DID YOU KNOW?
- **THAT BIOMAR SUPPLIES FEED FOR MORE THAN 25 FISH SPECIES IN ABOUT 50 COUNTRIES.**
- **THAT BIOMAR MANUFACTURES ABOUT 500,000 TONS OF FEED AT EIGHT FACTORIES IN SIX DIFFERENT COUNTRIES.**

XERGI

FINANCIAL PERFORMANCE

2006 was a challenging, but also a prosperous year for Xergi.

Revenue doubled from DKK 83 million in 2005 to DKK 167 million in 2006. The improvement fell short of expectations, however, due to delays in the start up of several projects.

The profit before tax was DKK 5.7 million against a loss of DKK 3.8 million in 2005. DKK 2.9 million of the profit before tax has been recognised in Schouw & Co.'s consolidated profit.

At the end of the year, Xergi divested the business of selling biomass substrates, which involved two employees. The operation was sold to Xergi's business partner HedeDanmark and the sale lifted the financial results by a gain of DKK 1.6 million.

The profit before tax for the year was in line with expectations and is considered satisfactory in light of the current market conditions.

In a natural step to support the growing level of activity, Xergi's two main shareholders, Dalgasgroup and Schouw & Co., contributed a total of DKK 30 million in cash to Xergi's capital base in April 2006.

MARKET TRENDS

The international energy market was the centre of considerable political attention during 2006, as witnessed by the growing targets for increasing the use of renewable energy, both at EU level and in individual countries.

As a result, improvements to the framework conditions for setting up biogas plants should be expected in the next few years. Already, attractive framework conditions are in place in Germany, Italy and France, and were most recently introduced in Austria in October 2006. A similar trend would appear to be underway in the USA, where Xergi is represented by a license partner.

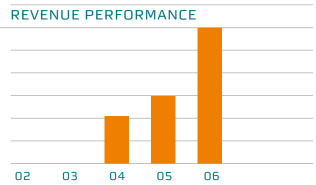
Biogas has been stagnant in Denmark in recent years due to poor framework conditions, mainly due to an inadequate settlement price to electricity producers, but the most recent targets for the Danish government's energy policy would imply upcoming improvements to the framework conditions.

In Denmark, Xergi is currently building the world's largest biogas test plant for the Faculty of Agricultural Sciences at the University of Aarhus. Located at the research centre in Foulum, the new plant will provide the biogas industry with a long awaited test station able to conduct full-scale testing and documentation. The plant is expected to be operational in the second quarter of 2007.

In the Netherlands, where Xergi is currently building a 5 MW biogas plant, the market has suffered a sudden slowdown due to the recent change of government. The situation is not expected to improve until the beginning of 2008.

Germany offers very favourable conditions for setting up biogas plants, and Xergi has made investments in

DKK MILLION	2006	2005	2004	2003	2002
REVENUE	166.9	82.7	57.9	-	-
EBITDA	6.4	(1.5)	(5.3)	-	-
EBIT	3.8	(3.4)	(7.9)	-	-
PROFIT BEFORE TAX	5.7	(3.8)	(8.0)	-	-
TOTAL ASSETS	161.6	60.5	43.8	-	-
EQUITY	48.7	14.1	17.4	-	-



establishing a market presence and in product development directed at the German market. The company is also expected to invest in penetrating the markets of a few more EU member states in 2007.

Outside the biogas field, the existing partnership with Woking Borough Council in the UK for the operation of CHP plants has being extended with an agreement for Xergi to supply additional turnkey CHP plants, which are currently being built.

PRODUCT DEVELOPMENT

Xergi continued to develop and adapt the modular biogas concept for the German market. The work centres on a 500 kW standard concept for which more than 80% of the gas produced derives from whole grain energy crops, such as maize silage.

In addition, the development department is actively pursuing a number of development initiatives to increase the yield from the different types of biomass and reduce the reactor volume requirements.

Xergi's development activities are a joint project conducted by the development department, the technical department and the sales department. The development department is based at the Agro Business Park next to the research centre of the Faculty of Agricultural Sciences in Foulum, while the other departments are based in Aalborg.

In 2006, a PhD project forged a collaboration with the Technical University of Denmark involving the development of pre-treatment methods for biomass as well as for biogas processes.

OUTLOOK

Xergi is strongly focused on biogas and organic fertiliser separation systems, which are believed to have a promising sales potential in several EU countries in the years ahead.

Xergi had a good order book at the start of 2007 and the order inflow from the German market is expected to increase during the year. If Denmark chooses to raise settlement prices on electric power from biogas plants, contracts for one or two major projects are expected to be signed in this market before the end of the year.

Xergi's business partner on the US market is expected to start building additional licensed plants.

Outside the biogas field, the partnership with Woking Borough Council in the UK is expected to continue at the current high level of activity throughout 2007.

Xergi projects revenue growing to DKK 200–250 million in 2007. The financial results for the year are expected to be impacted by the costs of establishing a market presence and expanding the organisation, but the company still expects to generate a moderate profit before tax.

FACTS ABOUT XERGI

XERGI IS A SUPPLIER AND OPERATOR OF TURNKEY ENERGY SYSTEMS AND HAS 20 YEARS' OPERATIONAL AND MAINTENANCE EXPERIENCE FROM WORKING WITH THESE SYSTEMS.
XERGI IS OWNED ON A FIFTY/FIFTY BASIS BY DALGASGROUP AND SCHOUW & CO. AND ITS HEAD OFFICE IS LOCATED IN AALBORG, DENMARK.
CORE MARKETS: EUROPE AND THE USA.

60 EMPLOYEES.

DID YOU KNOW?

- **THAT XERGI'S US LICENSE PARTNER IS COMMISSIONING THE WORLD'S FIRST BIOGAS PLANT BASED ON LIQUID MANURE, WHICH WILL SUPPLY THE PURIFIED BIOGAS DIRECTLY TO THE NATURAL GAS GRID.**
- **THAT XERGY IS BUILDING ITS FIRST 5 MW BIOGAS PLANT, LOCATED IN THE NETHERLANDS**

FINANCIAL REVIEW

In continuation of the Management's report, the financial review comments on the consolidated financial statements for 2006 and the accounting policies.

ACCOUNTING POLICIES

The annual report of Schouw & Co. for 2006 is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies, including the disclosure requirements imposed by the Copenhagen Stock Exchange on the financial statements of listed companies and the Danish Statutory Order on Adoption of IFRS.

The annual report also complies with the International Financial Reporting Standards (IFRS) issued by the IASB. The annual report is presented in DKK.

RECLASSIFICATION AND SPECIFICATION ON ACCOUNTING POLICIES

The ongoing review of our accounting policies resulted in two minor adjustments being made in 2006:

1. Due to the acquisition of a shareholding majority in BioMar, the Group has experienced a significant change in size in terms of both revenue and total assets. Primary business segments are defined as segments with revenue at least 10% of consolidated revenue. Segments that do not meet these criteria are listed in the "Not allocated" column. As a result of the change in size criteria, Xergi and the packaging operations divested in 2006 are now "not allocated", both in the comparative figures for 2005 and in 2006 with the packaging businesses included until the date of sale.
2. Goodwill on acquisition of minority interests in companies already fully consolidated is capitalised. Capitalised goodwill is subject to annual impairment testing. The Group acquired two minority holdings in companies in which it was already the majority shareholder.

The reclassification and specification of the accounting policies did not affect profit for the year or shareholders' equity.

BIOMAR

Schouw & Co. acquired a shareholding majority in BioMar Holding A/S at the end of 2006. Due to the date of acquisition, Schouw & Co. consolidated BioMar's balance sheet at December 31, 2005, but not BioMar's income statement for the 2005 financial year. BioMar's income statement and balance sheet have been fully consolidated for 2006, which had a material impact due to the size of BioMar's operations.

In connection with the acquisition of the majority shareholding in BioMar in December 2005, Schouw & Co. revalued assets, liabilities and contingent liabilities with a view to recognising them at fair value in the takeover balance sheet. In the 2005 annual report, Schouw & Co. recognised total excess values of DKK 182.0 million. In light of these assessments, goodwill was calculated at DKK 193.0 million. In case of uncertainty regarding the fair value, IFRS allows for a reassessment within a period of 12 months after the acquisition. Schouw & Co. has made such a subsequent reassessment of the takeover balance sheet. Based on additional information learned in 2006 and, not least, BioMar's very positive financial performance in 2006, the review led to the capitalisation of previously unrecognised deferred tax assets of DKK 76.4 million. The new assessment of the takeover balance sheet entails that goodwill is reduced by DKK 52.6 million at December 31, 2005, which amount equals Schouw & Co.'s proportionate share of the deferred tax assets. As a result, goodwill relating to BioMar is DKK 140.4 million.

ACQUISITIONS AND DIVESTMENTS

At the start of the year, Schouw & Co. held 6,908,720 shares in Vestas Wind Systems A/S, equal to a 3.95% ownership interest. In first quarter of 2006 Schouw & Co. sold 2,108,720 shares at an aggregate selling price of DKK 249.0 million, equal to an average price per share of DKK 118.07 after transaction costs. The transactions produced a realised capital gain of DKK 30.8 million. Schouw & Co. still held 4,800,000 shares in Vestas at December 31, 2006, equal to a 2.59% ownership interest. The company had an unrealised capital gain of DKK 661.5 million on these shares. The total capital gain for the year of DKK 692.4 million has been recognised under financial income.

In April 2006, the capital base of the 50% owned subsidiary Xergi was strengthened by DKK 30 million. Schouw & Co.'s share of the capital contribution was DKK 15 million.

In connection with the change of the ownership structure in Incuba A/S, Schouw & Co. increased its ownership interest in the company from 40.5% to 49.0% by acquiring DKK 9.1 million worth of shares from shareholders divesting their ownership interest.

In June, Grene acquired 32.5% of the shares in Grene Poland from The Investment Fund for Central and Eastern Europe at a price of DKK 25.6 million, bringing its ownership interest in Grene Poland to 97.6%.

At September 30, 2006, Schouw & Co. divested its 50% ownership interest in the two packaging businesses, Elopak Denmark A/S and Elopak AB to the co-shareholder, Norway-based Elopak AS. The shares were sold at a total price of DKK 505 million. The buyer assumed debts in the companies of DKK 97 million, bringing the total enterprise value of the transaction to DKK 602 million. The capital gain was DKK 282.9 million based on the equity at the time of the transaction. As the packaging businesses do not represent an independent segment of Schouw & Co., the divestment is not presented as discontinuing operations. Accordingly, the packaging companies' revenue and profit is included in the 2006 consolidated income statement as from January 1, 2006 until the date of the transaction.

In November 2006, Grene Poland acquired Agroma Glubczyce, a small agro business based in southern Poland. The business was included in the financial statements from the date of acquisition. In addition, Grene and the company's strategic business partner Kramp Groep established a small business in the Czech Republic in November 2006. The business will be included in the financial statements effective from January 1, 2007.

At the end of 2006, the Group acquired, acting through Fibertex, the outstanding 40% stake in the Fibertex Nonwovens Sdn. Bhd. in Malaysia from the Industrialisation Fund for Developing Countries (IFU). The DKK 135 million purchase price included goodwill of DKK 24 million. The purchase price was paid in mid-January 2007. As the company was already consolidated through the Group's existing 60% interest, the acquisition has only eliminated the minority interest. For the purpose of strengthening the capital base for the purpose of this acquisition, the parent company Schouw & Co. contributed an additional DKK 50 million to Fibertex.

CONSOLIDATED INCOME STATEMENT

REVENUE

Consolidated revenue was up by 97,3% from DKK 3,735 million to DKK 7,370 million. The DKK 3,636 million increase was the result of the addition of the new group business, BioMar, and growth in existing businesses. On the other hand, the sale of the packaging businesses reduced revenue by DKK 55 million. Most of the increase, DKK 3,274 million, derived from BioMar. The rest of the net improvement, DKK 416 million, was contributed by the other group businesses, which all reported revenue improvements in 2006. Fibertex reported a DKK 186 million revenue improvement, mainly driven by increased production output in Malaysia and the Czech Republic. The rest of the increase was distributed on Grene (DKK 117 million), Martin (DKK 72 million) and Xergi (DKK 42 million). Adjusted for acquisitions and divestments, revenue increased by 14.1% from 2005 to 2006.

OPERATING PROFIT (EBIT)

Operating profit was DKK 471.5 million against DKK 201.6 million in 2005. The DKK 269,9 million improvement resulted from additions and disposals of businesses, with BioMar representing an addition of DKK 208.0 million and the divested packaging businesses representing disposals of DKK 16.4 million. The rest of the improvement, DKK 78.4 million, was composed of both advances and declines: Most of the advances were from Martin at DKK 76.2 million. Grene was also a positive contributor at DKK 15.7 million, of which DKK 12.6 million represented gains from the sale of property in Poland. Fibertex incurred a DKK 17.8 million decline due to the still high raw materials prices and difficult market conditions for the newest factory in the Czech Republic. The remaining group companies achieved a net aggregate improvement of DKK 4.3 million.

It should be noted that the DKK 208 million contribution from BioMar was lifted by non-recurring income of DKK 30 million resulting from a reduction of its pension provisions.

INCOME FROM INVESTMENTS IN ASSOCIATES

Net income from investments in associates after tax was DKK 78.8 million against DKK 0.1 million in 2005. Income from associates in 2006 comprises the following main items (DKK million):

Incuba A/S	4.9
Sjøtroll Havbruk AS (BioMar)	74.6
Associates, Grene	0.0
Associates, Martin	(0.7)
	78.8

The activities in Incuba are included with a share of the profit before tax of DKK 4.9 million compared with a loss of DKK 0.1 million in 2005. Incuba reported an overall profit of DKK 9.5 million in 2005 against a loss of DKK 0.3 million in 2005. Schouw & Co. is consolidating the share of profit in Sjøtroll Havbruk AS for the first time based on a 37.2% ownership interest in the Norwegian fish farming business.

FINANCIAL ITEMS

The Group's financial items amounted to a net income of DKK 589.5 million, compared with DKK 310.4 million in 2005. The DKK 279.1 million improvement in net financial items was primarily due to a change in value adjustments of the Group's holding of Vestas shares. Value adjustments of the stake in Vestas produced a capital gain of DKK 692.4 million in 2006, which was DKK 311.4 million higher than the 2005 figure of DKK 381.0 million. Calculated net of the effect of the holding of Vestas shares, net financial expenses increased by DKK 32.3 million to DKK 102.9 million, of which DKK 21.1 million related to BioMar.

PROFIT FROM DIVESTMENT OF EQUITY INVESTMENTS

Profit from the divestment of equity investments amounted to DKK 282.9 million in 2006 (2005: DKK 17.6 million), representing the Group's gain from the sale of the packaging businesses.

INCOME TAX

The tax charge on the profit for the year was DKK 107.9 million, against DKK 33.1 million in 2005. The effective tax rate for the year was 7.6%, mainly because the DKK 692.4 million value adjustment of the Vestas shareholding and the gain from the sale of the shares in the packaging businesses were tax-free.

Excluding value adjustments, the profit from the divestment of equity investments and the share of profit in associates, the effective tax rate was 29.2% compared with 25.2% in 2005.

CONSOLIDATED BALANCE SHEET

ASSETS

The Schouw & Co. Group's total assets amounted to DKK 7,466 million at December 31, 2006 compared with DKK 6,965 million at December 31, 2005. Adjusted for the DKK 275 million disposal resulting from the sale of the packaging businesses, the increase in total assets was DKK 776 million.

FINANCIAL REVIEW

Intangible assets fell by DKK 83 million. The main reason for the drop was the disposal of goodwill of DKK 129 million on the divestment of the ownership interest in the packaging businesses. On the other hand, the company acquisitions by Fibertex and Grene lifted goodwill by a total of DKK 34 million and net capitalisation of development projects by DKK 12 million.

Property, plant and equipment rose by a net amount of DKK 170 million, of which DKK 120 million represented a net increase in Fibertex assets. Of the remaining DKK 50 million increase in property, plant and equipment, Grene contributed DKK 63 million, while the remaining businesses represent a net reduction of DKK 13 million.

In financial assets, investments in associates and securities increased by DKK 531 million. Associates increased by DKK 82 million, of which BioMar's share in Sjøtroll amounted to DKK 69 million and the share in Incuba amounted to DKK 13 million. Overall, securities rose by DKK 449 million, which was almost exclusively attributable to Vestas shares, DKK 443 million, consisting of a capital gain of DKK 692 million less a sales sum of DKK 249 million.

Adjusted for the DKK 107 million reduction relating to the divestment of the packaging businesses, current assets increased by a total of DKK 186 million, of which increases in inventories and receivables accounted for DKK 117 million and DKK 110 million, respectively. The largest increases came from BioMar, Fibertex and Grene due to expanded activity and increased revenue. The Group's cash and cash equivalents amounted to DKK 155 million and were reduced by DKK 168 million during the year, mainly in BioMar.

TREASURY SHARES

In 2006, Schouw & Co. disposed of 9,127 shares for employee share schemes in Group companies. In addition, Schouw & Co. acquired 130,000 treasury shares at a total value of DKK 35.4 million. At December 31, 2006, Schouw & Co. held 777,926 treasury shares, corresponding to 6.24% of the share capital. The portfolio of treasury shares is recognised at DKK 0.

LIABILITIES

The Group's interest-bearing debt fell by DKK 808 million to DKK 2,227 million at December 31, 2006. The main reason for the fall was the reduction of debt in the parent company based on the aggregate sales proceeds of DKK 754 million from the sale of the packaging businesses and the sale of additional Vestas shares.

Consolidated equity including minorities increased by DKK 1,061.7 million during 2006. Equity was negatively affected by foreign exchange adjustments in foreign subsidiaries of DKK 16.3 million and the DKK 126.6 million fall in minorities resulting mainly from the acquisition of minority shareholdings in Fibertex Nonwovens Sdn. Bhd., Malaysia. Also, dividends paid to shareholders and minority interests and the purchase of treasury shares had a negative impact on equity in the amount of DKK 101.9 million. After giving effect to the profit for the year of DKK 1,314.8 million, Schouw & Co.'s equity including minority interests amounted to DKK 3,841.4 million at December 31, 2006, up from DKK 2,779.7 million a year earlier.

CASH FLOW STATEMENT

The cash flow statement provides an overview of the generation and application of cash flows during the year.

Cash flows from operating activities improved by DKK 144.6 million, or 52%, to DKK 420.3 million from DKK 275.7 million in 2005. Compared with 2005, cash flows from operations (operating profit) increased by DKK 358.1 million before the negative impact of DKK 156.0 million from changes in working capital. Finally, net financial items and taxes paid in 2006 had an aggregate impact of DKK 57.5 million.

Investing activities for the year were a positive amount of DKK 182,1 million. In other words, the Group sold assets in excess of cash investments made. By comparison, the investment activity was negative by DKK 838.9 million in 2005. The main reason for the changes in 2006 was the divestment of the packaging businesses and the sale of Vestas shares that produced total proceeds of DKK 754 million. It should be noted that the DKK 135 million acquisition of the 40% minority shareholding in Fibertex Nonwovens Sdn. Bhd. in Malaysia did not affect cash flows until payment was made in January 2007. Looking at the more traditional investments, such as production equipment, etc., investments totalling DKK 517.7 million were made in 2006 against DKK 481.6 million in 2005. The largest investments in production equipment etc. in 2006 were made by Fibertex (DKK 235 million), BioMar (DKK 121 million) and Grene (DKK 84 million). These involved capacity increasing investments for all three businesses.

Cash flows from financing activities were negative in 2006, implying that credit facilities and loans were reduced, in the amount of DKK 769,6 million. The reduction of loans resulted mainly from the proceeds the Group received in 2006 in relation to the above-mentioned divestments. The cash flow from financing activities also included cash to and from shareholders by way of dividends, a share buyback and capital contributions. Dividends paid in 2006 amounted to DKK 66.5 million, of which DKK 31.1 million was paid to minority shareholders in BioMar. Shares were bought back in 2006 in the amount of DKK 35.4 million.

Cash and cash equivalents at year-end, comprising bank deposits, fell by DKK 168.4 million to a total of DKK 155.2 million at December 31, 2006. The reduction was the result of better management of the Group's cash and cash equivalents by way of cash pooling through the parent company Schouw & Co.

ACCOUNTING POLICIES

The annual report of Schouw & Co. for 2006 is presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies, including the disclosure requirements imposed by the Copenhagen Stock Exchange on the financial statements of listed companies and the Danish Statutory Order on Adoption of IFRS.

The annual report also complies with the International Financial Reporting Standards (IFRS) issued by IASB. The annual report is presented in Danish kroner.

BASIS OF PRESENTATION

CONSOLIDATION

The financial statements of the Group consolidate the financial statements of Schouw & Co. and subsidiaries controlled by Schouw & Co. Control is achieved by directly or indirectly holding or having the disposal of more than 50% of the voting rights or otherwise exercising a controlling influence over the relevant enterprise. Companies over which the Group has a significant influence but not control are considered associates. A significant influence is generally achieved by directly or indirectly holding or having the disposal of more than 20%, but less than 50%, of the voting rights. In the determination of whether Schouw & Co. has control or a significant influence, potential voting rights exercisable at the balance sheet date are included.

Schouw & Co. has joint ventures in which it holds 50% of the shares, and whose management is shared by the two joint venture partners. Such joint ventures are consolidated on a pro rata basis.

The consolidated financial statements have been prepared by aggregating the financial statements of the parent company and the individual subsidiaries and joint ventures prepared in accordance with the Group's accounting policies. Intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on transactions between the consolidated companies are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that no impairment has occurred.

BUSINESS COMBINATIONS

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition. Companies divested or wound up sold that do not constitute a segment are consolidated in the income statement until the date they are divested or wound up. The comparative figures are not adjusted to reflect acquisitions or divestments.

The takeover method is applied on acquisitions if the parent company gains control of the company acquired. Assets, liabilities and contingent liabilities in companies acquired are measured at the fair value at the date of acquisition. Intangible assets are recognised if they can be separated or arise from a contractual right and the fair value can be reliably measured. Deferred tax on revaluations made is recognised.

For business combinations effected on or after 1 January 2004, any excess of the cost of acquisition over the fair value of the acquired assets, liabilities and contingent liabilities is recognised as goodwill under intangible assets. Goodwill may be adjusted until 12 months after the acquisition. Goodwill is not amortised, but is tested for impairment annually. The first impairment test is performed before the end of the year of acquisition. On acquisition, goodwill is transferred to the cash-generating units which will subsequently form the basis for future impairment tests.

Goodwill on acquisition of minority interests in companies already fully consolidated is capitalised.

For business combinations made before 1 January 2004, the classification under the previous accounting policy (the Danish Financial Statements Act and Danish accounting standards) is maintained. Goodwill is recognised based on cost less amortisation and impairment up to 31 December 2003. Goodwill is not amortised after 1 January 2004. Goodwill recognised in the opening balance sheet has been tested for impairment at 1 January 2004 and will in future be included in the annual impairment test.

Any gains or losses on the disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets, including goodwill, at the date of disposal plus anticipated disposal costs.

FOREIGN CURRENCY TRANSLATION

A functional currency is determined for each of the reporting enterprises in the Group. The functional currency is the currency in the primary economic environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are transactions denominated in foreign currencies.

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. The difference between

ACCOUNTING POLICIES

the exchange rate ruling at the balance sheet date and the exchange rate ruling at the date when the receivable or payable arose or the exchange rate applied in the most recent annual report is recognised in the income statement under financial income or financial expenses.

On consolidation of enterprises with functional currencies other than Danish kroner, the income statements are translated at the exchange rates ruling at the transaction date and the balance sheets are translated at the exchange rates ruling at the balance sheet date. The average exchange rate for each individual month is used as the transaction date exchange rate. Exchange differences arising on the translation of such enterprises' opening equity at the exchange rates ruling at the balance sheet date and on the translation of the income statements from the exchange rates ruling at the transaction date to the exchange rates ruling at the balance sheet date are taken directly to equity in a separate exchange adjustment reserve.

Foreign exchange adjustment of balances that are considered as part of the overall net investment in enterprises with functional currencies other than Danish kroner, are recognised directly in equity in a separate exchange adjustment reserve in the consolidated financial statements. Similarly, exchange gains and losses on the part of loans and derivative financial instruments effectively hedging the net investment in such enterprises are in the consolidated financial statements taken directly to equity in a separate exchange adjustment reserve.

On consolidation of associates with functional currencies other than Danish kroner, the pro-rata share of the results is translated at the exchange rates ruling at the transaction date, and the share of equity including goodwill is translated at the exchange rates ruling at the balance sheet date. Exchange differences arising on the translation of such share of foreign associates' opening equity at the exchange rates ruling at the balance sheet date and on the translation of the share of the results from average exchange rates to the exchange rates ruling at the balance sheet date are taken directly to equity in a separate exchange adjustment reserve.

IMPAIRMENT OF NON-CURRENT ASSETS

Goodwill and intangible assets with unlimited useful lives are tested annually for impairment, the first time before the end of the year of acquisition. Similarly, development projects in progress are tested for impairment annually.

The carrying amount of goodwill is tested for impairment together with the other long-term assets of the cash-generating unit to which the goodwill has been allocated.

The recoverable amount is generally calculated as the present value of the future net cash flows expected to be derived from the business or activity (cash-generating unit) to which the goodwill belongs.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised.

The carrying amounts of other non-current assets are tested annually to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less expected divestment costs and the value in use.

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 as production costs, distribution costs or administrative expenses. However, goodwill write-downs are recognised as a separate item in the income statement.

Goodwill impaired is not reversed. Impairment of other assets is reversed to the extent changes have occurred to the assumptions and estimates leading to the impairment. Impairment is only reversed to the extent the new carrying amount of an asset does not exceed the carrying amount the asset would have had net of depreciation, had the asset not been impaired.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are measured at fair value and recognised in the balance sheet under other receivables or other payables, respectively. The fair value of derivative financial instruments is calculated on the basis of current market data and recognised valuation methods.

Changes in the fair value of derivative financial instruments that effectively hedge the fair value of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the value of the hedged asset or hedged liability. Hedging of future cash flows under agreements are treated as hedging of the fair value of a recognised asset or a recognised liability.

Changes in the part of the fair value of derivative financial instruments effectively hedging future cash flows are recognised in equity in a separate reserve for hedge transactions. On realisation of the hedged transaction, any gains or losses relating to such hedge transactions are transferred from equity and included in the same item as the hedged item.

Changes in the fair value of derivative financial instruments effectively hedging net investments in foreign subsidiaries or associates are recognised directly in equity in a separate exchange adjustment reserve.

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

INCOME STATEMENT

REVENUE

Revenue from the sale of goods for resale and finished goods is recognised in the income statement if transfer of risk to the buyer has taken place before year-end and if the income can be reliably measured.

Revenue is measured excluding VAT and other taxes and duties charged on behalf of third parties. All discounts granted are recognised in revenue. Construction contracts involving plant that is to a large degree individually designed are included in revenue in proportion to the work completed, so that revenue is matched with the sales value of the work carried out during the year (the percentage of completion method).

GOVERNMENT GRANTS

Government grants include grants and funding of development work and grants for investments etc. Grants for research and development costs recognised directly in the income statement are included in other operating income.

COST OF SALES

Cost of sales comprises costs defrayed to achieve the year's revenue. The trading companies recognise the cost of goods sold and manufacturing companies recognise production costs corresponding to the year's revenue, including direct and indirect costs for raw materials and consumables, wages and salaries, rent and leasing, as well as depreciation and impairment losses on production equipment.

Production costs also include research costs and development costs that do not meet the criteria for capitalisation, as well as amortisation and impairment of capitalised development costs.

DISTRIBUTION COSTS

Distribution costs include costs incurred for distribution of goods sold and for sales campaigns, etc. during the year. This includes the cost of sales staff, advertising and exhibition costs, as well as depreciation/amortisation and impairment.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses comprise items of a secondary nature relative to the companies' activities, including gains and losses on replacement of intangible assets and property, plant and equipment. Gains and losses on the disposal of intangible assets and property, plant and equipment are computed as the difference between the selling price and the net book value at the date of disposal.

RESULTS OF INVESTMENTS IN ASSOCIATES IN THE CONSOLIDATED FINANCIAL STATEMENTS

The proportionate share of the profit or loss of associates after tax and minorities and elimination of the proportionate share of intra-group gains or losses is recognised in the consolidated income statement.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses include interest, capital gains and losses on and write-downs of securities, payables and transactions in foreign currency, amortisation of financial assets and liabilities, as well as additions and reimbursements under the on-account tax scheme, etc. Financial items also include realised and unrealised gains and losses concerning derivative financial instruments that are not classified as hedges.

Dividend on investments in subsidiaries and associates is recognised in the parent company's income statement in the financial year in which the dividend is adopted. However, to the extent that the dividend distributed exceeds accumulated earnings after the acquisition date dividend is recognised as a reduction of the cost of the investment.

INCOME TAX

Schouw & Co. is taxed jointly with all its Danish subsidiaries. The current Danish income tax liability is allocated among the companies of the tax pool in proportion to their taxable income. Companies utilising tax losses in other companies pay joint taxation contributions to the parent company equal to the tax value of the utilised losses, while companies whose tax losses are utilised by other companies receive joint taxation contributions from the parent company equal to the tax value of the utilised losses (full allocation). The jointly taxed companies pay tax under the Danish on-account tax scheme.

Tax for the year, consisting of the year's current tax and movements in deferred tax, is recognised in the income statement as regards the amount that can be attributed to the profit/loss for the year and posted directly in equity as regards the amount that can be attributed to movements taken directly to equity.

To the extent the Schouw & Co. Group benefits from a deduction in the determination of taxable income in Denmark due to share-based incentive programmes, the tax effect of such programmes is included in income tax. Any tax deduction exceeding the accounting cost is recognised directly in equity.

ACCOUNTING POLICIES

BALANCE SHEET

INTANGIBLE ASSETS

GOODWILL

On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment. 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 is based on the management structure and the in-house financial management.

DEVELOPMENT PROJECTS, PATENTS, LICENCES, ETC.

Development costs comprise salaries, amortisation and depreciation and other costs attributable to the company's development activities.

Clearly defined development projects are recognised as intangible assets where the technical feasibility of the project, the availability of adequate resources and a potential future market or application opportunity in the company can be demonstrated and where the intention is to manufacture, market or use the project if the cost can be measured reliably and it is probable that the future earnings or the net selling prices can cover production and selling expenses, administrative expenses as well as the development costs. Other development costs are recognised in the income statement when incurred.

Recognised development costs are measured at cost less accumulated depreciation and impairment.

On completion of the development work, the development project is amortised on a straight-line basis over the estimated useful life. The usual amortisation period is five to ten years. The basis of depreciation is reduced by any impairment writedowns.

Patents and licenses are measured at cost less accumulated amortisation and writedowns. Patents and licences are amortised on a straight-line basis over the shorter of the remaining term of the patent or the agreement and the useful life.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings, plant and machinery, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost encompasses the purchase price and costs directly associated with the purchase until the time when the asset is ready to be brought into use. For assets produced in-house, cost comprises direct and indirect costs of materials, components, third-party suppliers and labour. Cost is increased by the present value of estimated liabilities for the removal and disposal of the asset and restoration of the site on which the asset was used. The cost of a total asset is divided into separate components that are depreciated separately if such components have different useful lives.

The interest expense of constructing a new asset is capitalised as part of the asset.

The cost of assets held under finance leases is determined as the lower of the fair value of the assets and the present value of future minimum lease payments. The present value is calculated using the interest rate implicit in the lease as the discount factor, or an approximate value.

Subsequent costs, such as the cost of replacing components of property, plant and equipment, are included in the asset's carrying amount. The replaced components are no longer recognised in the balance sheet, and the carrying amount is transferred to the income statement. All other ordinary repair and maintenance costs are recognised in the income statement when incurred.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets/components, which are expected to be as follows:

Buildings	10-50 years
Plant and machinery	3-12 years
Rental equipment	1-10 years
Other fixtures and fittings, tools and equipment	3-8 years
Land is not depreciated	

The basis of depreciation is calculated with due consideration to the asset's scrap value, reduced by any impairment write-downs. The scrap value is determined at the date of acquisition and revalued each year. Where the scrap value exceeds the carrying amount of the asset, the asset ceases to be depreciated.

If the depreciation period or the scrap value is changed, the effect on depreciation going forward is recognised as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs or administrative expenses.

INVESTMENTS IN ASSOCIATES IN THE CONSOLIDATED FINANCIAL STATEMENTS

Investments in associates are measured in the balance sheet at the proportionate share of the companies' net asset value calculated in accordance with the parent company's accounting policies plus or less any unrealised intra-group gains and losses and plus any residual amount of goodwill.

Associates with a negative equity value are recognised at zero.

Receivables from associates are written down to the extent they are deemed to be irrecoverable.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES IN THE PARENT COMPANY'S FINANCIAL STATEMENTS

Investments in subsidiaries and associates are measured at cost. Where the recoverable amount is lower than cost, the investments are written down to this lower value.

The cost is reduced to the extent that dividend distributed exceeds the accumulated earnings after the take-over date.

SECURITIES

Listed shares which do not enable the company to exercise control or a significant influence, and other securities are measured at fair value (market price). Changes in the fair value are recognised under financial items in the income statement when they occur.

INVENTORIES

Inventories are measured at cost according to the FIFO method. Inventories are written down to the lower of cost and net realisable value.

The cost of goods for resale, raw materials and consumables comprise the purchase price plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production costs. Indirect costs of production include indirect materials and labour as well as maintenance of and depreciation and impairment of the machines, factory buildings and equipment used in the manufacturing process as well as factory management and administrative expenses.

The net realisable value of inventories is calculated as the selling price less costs of conversion and costs incurred to execute the sale and it is determined having regard to marketability, obsolescence and expected selling price movements.

RECEIVABLES

Receivables are measured at amortised cost. Receivables are written down for anticipated losses.

CONSTRUCTION CONTRACTS

Receivables are measured at the sales value of the work performed less progress billings and expected losses.

The sales value is measured on the basis of the percentage of completion at the balance sheet date and the aggregate income expected from each individual contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is normally calculated as the ratio of costs incurred to total expected costs of the particular contract.

When it is likely that the total costs of a construction contract will exceed the total expected contract revenue, the expected loss on the construction contract is recognised immediately as an expense.

When the profit or loss from a construction contract cannot be reliably estimated, the fair value is measured only for costs incurred to the extent that it is likely such costs will be recovered.

Construction contracts for which the sales value of the work performed exceeds progress billings and expected losses are recognised as receivables. Construction contracts for which progress billings and expected losses exceed the sales value are recognised as liabilities.

Customer prepayments are recognised as liabilities.

PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income comprise costs paid relating to the following financial year.

EQUITY

DIVIDENDS

Dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (the date of declaration). Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

TREASURY SHARES

The purchase and sale sums of treasury shares and dividends thereon are taken directly to retained earnings under equity.

Proceeds from the sale of treasury shares in Schouw & Co. in connection with the exercise of share options or employee shares are taken directly to equity.

EXCHANGE ADJUSTMENT RESERVE

The exchange adjustment reserve in the consolidated financial statements comprises foreign exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies to Danish kroner.

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

The exchange adjustment reserve was reset to zero at 1 January 2004.

EMPLOYEE BENEFITS

SHARE OPTION PROGRAMME

Equity-settled share options are measured at the fair value at the grant date and changes in value are recognised in the income statement under staff costs over the vesting period. The balancing item is recognised directly in equity.

On initial recognition of the share options, the number of options expected to vest is estimated. Subsequently, changes in the estimated number of vested options are adjusted to the effect that the total amount recognised is based on the actual number of vested options.

The fair value of options granted is estimated using a valuation model that takes into account the terms and conditions of the options granted.

EMPLOYEE SHARES

Some companies of the Schouw & Co. Group use a general employee share scheme. according to which employees may receive a performance-driven amount each year paid in parent company shares. Amounts awarded are recognised under staff costs. The balancing item is recognised directly in equity.

ACCOUNTING POLICIES

PENSION LIABILITIES AND SIMILAR LONG-TERM LIABILITIES

The Group has entered into pension agreements and similar agreements with most of the Group's employees.

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

For defined benefit plans available only in BioMar, annual actuarial calculations are made of the net present value of future benefits to be paid under the plan. The net present value is calculated based on assumptions of the future developments of salary, interest, inflation and mortality rates, among other things. The net present value is only calculated for those benefits earned by the employees through their employment with the Group to date. The actuarial calculation of the net present value less the fair value of any assets related to the plan is recognised in the balance sheet as pension obligations. See below.

Pension costs for the year are recognised in the income statement based on actuarial estimates and financial forecasts at the start of the year. Differences between the expected development of pension assets, liabilities and the realised values are termed actuarial gains and losses and are recognised directly in equity.

In connection with a change in benefits regarding the employees' employment in the enterprise to date, there is a change in the actuarial calculation of the net present value, which is termed historical costs. Historical costs are expensed immediately if the employees have already earned the right to the changed benefits. Otherwise, they are recognised in the income statement over the period during which the employees earn the right to the changed benefits.

INCOME TAX AND DEFERRED TAX

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated tax on the taxable income for the year, adjusted for tax on prior years' taxable income and for tax paid under the on–account tax scheme.

Deferred tax is calculated in accordance with the balance sheet liability method on all timing differences between the accounting and tax value of assets and liabilities. However, no deferred tax is recognised on timing differences regarding non-deductible goodwill and other items for which timing differences have arisen at the acquisition date without affecting the financial results or taxable income.

Deferred tax assets, including the tax value of tax losses carried forward, are recognised under non-current assets in the amount at which they are expected to be used, either by setting off tax on future earnings or by setting off deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax adjustments are made regarding unrealised intercompany gains and losses that have been eliminated.

Deferred tax is measured based on the tax rules and rates in the respective countries that will apply under the legislation in force on the balance sheet date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

PROVISIONS

Provisions are recognised when, as a consequence of an event that has occurred before or on the balance sheet date, the Group has a legal or constructive obligation, and it is likely that economic benefits must be given up to meet the obligation.

In the measurement of provisions, the costs necessary to settle the liability are discounted. The changes in present values for the financial year are recognised under financial expenses.

Warranty commitments are recognised as the sale of goods and services is effected, based on incurred warranty costs from prior financial years.

Provisions in respect of loss-making contracts are recognised when the unavoidable costs under a contract exceed the expected benefits to the Group from the contract.

FINANCIAL LIABILITIES

Debt to credit institutions is recognised at the raising of a loan as the proceeds received less transaction costs. In the subsequent periods, financial liabilities are measured at amortised cost, applying the "effective interest rate method", to the effect that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

In addition, the capitalised residual lease liability under finance leases is recognised under financial liabilities.

Other liabilities are measured at net realisable value.

PREPAYMENTS AND ACCRUED INCOME

Accruals and deferred income comprises payments received relating to income in subsequent financial years.

CASH FLOW STATEMENT

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

The cash effect of acquisitions and divestments is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning acquired companies are recognised from the date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities are calculated as the profit for the year before tax adjusted for non-cash operating items, changes in working capital, interest paid and income taxes paid.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of companies and operations and the acquisition and disposal of intangible assets, property, plant and equipment as well as the purchase and sale of securities not recognised under cash and cash equivalents.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities include payments to and from shareholders and related expenses as well as the raising of loans, repayments on interest-bearing debt and the purchase and sale of treasury shares.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand as well as securities with a maturity of less than three months at the time of acquisition that can immediately be converted into cash and that involve insignificant risk of value fluctuations.

SEGMENT REPORTING

Information is provided about business segments, which are the company's primary segmenting format, and geographical markets, its secondary format. Segments are aligned with the Group's risks and managerial and internal financial management. Segment information has been prepared in accordance with the Group's accounting policies.

Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment and those items that can be allocated to the individual segments on a reliable basis. Non-allocated items mainly comprise assets and liabilities as well as income and costs relating to the Group's administrative functions, investing activities, income tax, etc.

Non-current assets in a segment comprise non-current assets used directly in the operations of the segment, including intangible assets, property, plant and equipment and investments in associates.

Current assets in a segment comprise current assets used directly in the operations of the segment, including inventories, trade debtors, other debtors, prepayments and cash.

Segment obligations comprise obligations that have arisen out of the segment operations, including trade payables and other liabilities.

DEFINITIONS OF RATIOS

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated according to IAS 33. Other key ratios are calculated in accordance with “Recommendations and Ratios 2005” issued by the Danish Association of Financial Analysts.

THE KEY RATIOS IN THE ANNUAL REPORT ARE CALCULATED IN THE FOLLOWING MANNER:

Return on invested capital (ROIC)	$\frac{\text{Profit before depreciation/amortisation, interest and tax (EBITDA)}}{\text{Average invested capital excluding goodwill}}$
Equity ratio	$\frac{\text{Equity at year end}}{\text{Total liabilities and equity at year end}}$
Return on equity	$\frac{\text{Profit for the year}}{\text{Average equity}}$
Earnings per share (EPS)	$\frac{\text{Earnings}}{\text{Average number of shares in circulation}}$
Diluted earnings per share (EPS-D)	$\frac{\text{Diluted earnings}}{\text{Diluted average number of shares in circulation}}$
Net asset value per share	$\frac{\text{Equity at year end}}{\text{Number of shares at year end excluding treasury shares}}$
Price/net asset value (P/NAV)	$\frac{\text{Share price at December 31}}{\text{Net asset value per share}}$
Price Earnings ratio (P/E)	$\frac{\text{Share price at December 31}}{\text{Earnings per share}}$

CONSOLIDATED INCOME STATEMENT

JANUARY 1 - DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
1, 2	**REVENUE**	7,370.2	3,734.8
3	Cost of sales	(5,810.5)	(2,742.8)
	GROSS PROFIT	1,559.7	992.0
5	Other operating income	21.1	5.5
3	Distribution costs	(793.2)	(583.3)
3, 4	Administrative expenses	(313.6)	(210.2)
3, 12	Goodwill impairment	0.0	(2.1)
5	Other operating expenses	(2.5)	(0.3)
	OPERATING PROFIT	471.5	201.6
6	Income from investments in associates after tax	78.8	0.1
7	Profit from divestment of equity investments	282.9	17.6
8	Financial income	728.9	400.0
9	Financial expenses	(139.4)	(89.6)
	PROFIT BEFORE TAX	1,422.7	529.7
10	Tax on the profit for the year	(107.9)	(33.1)
	PROFIT FOR THE YEAR	1,314.8	496.6
	ATTRIBUTABLE TO		
	Shareholders of Schouw & Co.	1,240.3	498.0
	Minority interests	74.5	(1.4)
		1,314.8	496.6
11	Earnings per share (DKK)	105.51	42.17
11	Diluted earnings per share (DKK)	105.11	42.12
	RECOGNISED COMPREHENSIVE INCOME FOR THE GROUP		
	Exchange adjustments from the translation of income statements and balance sheets of foreign entities	(18.1)	52.7
	Value adjustment of hedging instruments recognised during the year	(7.7)	1.8
	Tax on items taken directly to equity	2.1	(0.6)
	Net income recognised directly in equity	(23.7)	53.9
	Profit for the year	1,314.8	496.6
	TOTAL RECOGNISED COMPREHENSIVE INCOME	1,291.1	550.5
	ATTRIBUTABLE TO		
	Shareholders of Schouw & Co.	1,224.7	538.1
	Minority interests	66.4	12.4
		1,291.1	550.5

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
	ASSETS		
	NON-CURRENT ASSETS		
3, 12	**INTANGIBLE ASSETS**		
	Goodwill	502.3	596.4
	Patents and licences	1.5	2.3
	Completed development projects	52.4	35.4
	Development projects in progress	17.4	22.9
		573.6	657.0
3, 13	**PROPERTY, PLANT AND EQUIPMENT**		
	Land and buildings	1,120.3	975.0
	Leasehold improvements	5.5	8.6
	Plant and machinery	1,219.3	843.0
	Rental equipment	3.4	82.1
	Other fixtures, tools and equipment	74.4	77.0
	Assets under construction, etc.	149.7	566.6
		2,572.6	2,552.3
	OTHER NON-CURRENT ASSETS		
6	Equity investments in associates	288.9	207.0
14	Securities	1,177.5	728.2
19	Deferred tax	115.6	155.5
	Receivables	26.4	32.3
		1,608.4	1,123.0
	TOTAL NON-CURRENT ASSETS	4,754.6	4,332.3
	CURRENT ASSETS		
15	Inventories	1,208.9	1,092.4
16	Receivables	1,310.8	1,200.8
17	Construction contracts	21.1	5.9
	Prepayments	15.2	10.1
29	Cash and cash equivalents	155.2	323.6
	TOTAL CURRENT ASSETS	2,711.2	2,632.8
	TOTAL ASSETS	7,465.8	6,965.1

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
	LIABILITIES AND EQUITY		
18	**EQUITY**		
	Share capital	124.7	124.7
	Hedge transaction reserve	(5.6)	(1.2)
	Exchange adjustment reserve	13.4	29.7
	Retained earnings	3,253.3	2,117.0
	Proposed dividend	74.8	37.4
	Share of equity attributable to shareholders of Schouw & Co.	3,460.6	2,307.6
	Minority interests	380.8	472.1
	Total equity	3,841.4	2,779.7
	LIABILITIES		
	LONG-TERM LIABILITIES		
19	Deferred tax	168.3	179.1
20	Pensions and similar liabilities	47.9	80.8
21	Provisions	15.9	2.2
22	Credit institutions	1,341.9	1,389.8
	Other liabilities	6.2	11.0
		1,580.2	1,662.9
	SHORT-TERM LIABILITIES		
22	Short-term portion of long-term debt	361.2	248.7
22	Credit institutions	523.7	1,396.5
17	Construction contracts	0.0	0.0
23	Trade payables and other payables	1,062.6	837.0
24	Income tax	79.8	36.1
21	Provisions	10.3	0.3
	Accruals and deferred income	6.6	3.9
		2,044.2	2,522.5
	TOTAL LIABILITIES	3,624.4	4,185.4
	TOTAL LIABILITIES AND EQUITY	7,465.8	6,965.1

25 Contingent liabilities and guarantees

30-34 Notes without reference

CONSOLIDATED CASH FLOW STATEMENT

JANUARY 1 - DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
	PROFIT BEFORE TAX	1,422.7	529.7
	Adjustment for operating items of a non-cash nature, etc.		
3	Depreciation and impairment losses	318.2	220.2
	Other operating items, net	(366.1)	(22.0)
	Provisions	(4.6)	5.1
	Financial income	(728.9)	(400.0)
	Financial expenses	139.4	89.6
	Cash flow from operating activities before changes in working capital	780.7	422.6
26	Changes in working capital	(221.1)	(65.1)
	Cash flow from operating activities	559.6	357.5
	Interest income received	42.7	15.9
	Interest expenses paid	(144.1)	(79.2)
	CASH FLOW FROM ORDINARY ACTIVITIES	458.2	294.2
24	Income tax paid	(37.9)	(18.5)
	CASH FLOW FROM OPERATING ACTIVITIES	420.3	275.7
27	Purchase of intangible assets	(45.6)	(26.1)
	Sale of intangible assets	1.1	6.7
27	Purchase of property, plant and equipment	(517.7)	(481.6)
	Sale of property, plant and equipment	28.2	13.1
28	Acquisition of enterprises	(4.6)	(626.6)
	Acquisition of minority interests in subsidiaries	(15.2)	0.0
6	Acquisition of associates	(9.4)	0.0
	Divestment of subsidiaries	496.5	30.0
	Purchase of securities	(0.2)	(1.4)
	Sale of securities	249.0	247.0
	CASH FLOW FROM INVESTING ACTIVITIES	182.1	(838.9)
	Debt financing		
	Repayment of long-term liabilities	(166.7)	(159.3)
27	Proceeds from incuring financial liabilities	233.7	299.5
	Increase (repayment) of debt to credit institutions	(734.7)	666.0
	Shareholders:		
	Dividend paid	(66.5)	(23.6)
	Purchase of treasury shares	(35.4)	0.0
	CASH FLOW FROM FINANCING ACTIVITIES	(769.6)	782.6
	CASH FLOWS FOR THE YEAR	(167.2)	219.4
	Cash and cash equivalents at January 1	323.6	96.4
	Value adjustment of cash and cash equivalents	(1.2)	7.8
29	**CASH AND CASH EQUIVALENTS AT DECEMBER 31**	155.2	323.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

1 **SEGMENT REPORTING**

ACTIVITIES - PRIMARY SEGMENT - 2006

	Grene	Martin	Fibertex	BioMar	Not allocated/ eliminations	Group
Revenue	1,360.8	1,027.2	1,318.3	3,273.8	390.1	7,370.2
Intra-group revenue	2.1	0.2	0.0	0.0	(2.3)	0.0
Revenue	1,362.9	1,027.4	1,318.3	3,273.8	387.8	7,370.2
Gross profit	435.8	282.1	244.7	506.4	90.7	1,559.7
Impairment losses	0.0	(4.5)	0.0	0.0	0.0	(4.5)
Profit for the year	81.4	13.2	17.3	208.5	994.4	1,314.8
Attributable to:						
Shareholders of Schouw & Co.	80.3	10.1	12.1	143.5	994.3	1,240.3
Minority interests	1.1	3.1	5.2	65.0	0.1	74.5
Segment assets	961.2	924.3	1,795.9	2,213.3	1,571.1	7,465.8
Segment liabilities	591.7	704.5	1,278.6	1,019.6	30.0	3,624.4
Cash flow from operating activities	89.0	113.5	60.8	241.9	(84.9)	420.3
Cash flow from investing activities	(98.3)	(39.5)	(236.8)	(119.2)	675.9	182.1
Cash flow from financing activities	20.5	(68.5)	185.0	(300.2)	(606.4)	(769.6)
Capital expenditure	96.7	55.6	270.7	120.8	62.5	606.3
Average number of employees	863	1,068	782	503	136	3,352

GEOGRPAHICAL - SECONDARY SEGMENT - 2006

	Denmark	Rest of Europe	Rest of World	Group
Revenue	1,576.7	4,488.2	1,305.3	7,370.2
Segment assets	4,371.4	2,101.7	992.7	7,465.8
Capital expenditure	436.6	134.1	35.6	606.3

ACTIVITIES - PRIMARY SEGMENT - 2005

	Grene	Martin	Fibertex	BioMar	Not allocated/ eliminations	Group
Revenue	1,243.7	955.5	1,132.5	-	403.1	3,734.8
Intra-group revenue	2.3	0.0	0.0	-	(2.3)	0.0
Revenue	1,246.0	955.5	1,132.5	-	400.8	3,734.8
Gross profit	408.1	225.6	247.7	-	110.6	992.0
Impairment losses	0.0	(12.1)	0.0	-	0.0	(12.1)
Profit for the year	94.5	(45.7)	43.0	-	404.8	496.6
Attributable to:				-		
Shareholders of Schouw & Co.	92.9	(47.1)	47.4	-	404.8	498.0
Minority interests	1.6	1.4	(4.4)	-	0.0	(1.4)
Segment assets	794.2	946.3	1,501.1	2,062.4	1,661.1	6,965.1
Segment liabilities	430.0	730.9	934.9	968.1	1,121.5	4,185.4
Cash flow from operating activities	64.7	56.8	69.1	-	85.1	275.7
Cash flow from investing activities	(14.2)	(34.8)	(336.1)	-	(453.8)	(838.9)
Cash flow from financing activities	(46.0)	(19.5)	202.4	-	645.7	782.6
Capital expenditure	56.2	35.6	306.0	-	79.2	477.0
Average number of employees	851	1,060	713	-	160	2,784

GEOGRPAHICAL - SECONDARY SEGMENT - 2005

	Denmark	Rest of Europe	Rest of World	Group
Revenue	1,119.6	1,910.0	705.2	3,734.8
Segment assets	3,732.0	2,237.6	995.5	6,965.1
Capital expenditure	199.9	188.6	88.5	477.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

2 **REVENUE**

	2006	2005
Sale of goods and services	7,273.1	3,691.6
Market value of work in progress	97.1	43.2
	7,370.2	3,734.8

3 **COSTS**

COST OF SALES

	2006	2005
Cost of sales for the year includes cost of goods sold of	(4,649.9)	(2,072.8)
Cost of sales for the year includes inventory impairments of	(43.7)	(34.3)

STAFF COSTS

	2006	2005
Remuneration to the Board of Directors of Schouw & Co.	(1.8)	(1.5)
Wages and salaries	(907.7)	(729.8)
Defined contribution pension plans	(61.5)	(46.5)
Defined benefit pension plans	32.8	0.0
Other social security costs	(70.0)	(35.5)
Share-based payment	(6.1)	(3.5)
Other staff costs	(19.4)	(15.7)
	(1,033.7)	(832.5)
Including staff costs capitalised and recognised in plant, machinery, inventories and development projects	28.3	27.8
	(1,005.4)	(804.7)

Staff costs include salaries and bonuses of DKK 6.1 million (2005: DKK 4.2 million), pension contributions of DKK 0.2 million (2005: DKK 0.2 million) and share-based payment of DKK 0.7 million (2005: 0.4 million) to members of the Management Board. Members of the Management Board do not have any unusual employment or contractual terms.

Staff costs include salaries and bonuses of DKK 19.4 million (2005: DKK 15.4 million), pension contributions of DKK 1.0 million (2005: DKK 0.9 million) and share-based payment of DKK 3.2 million (2005: 0.8 million) to the registered executive managements of directly owned subsidiaries.

Severance payments of DKK 2.2 million were made to senior managers of the Schouw & Co. Group in 2006. No severance payments were made in 2005.

	2006	2005
Staff costs are recognised as follows		
Production	(522.8)	(408.9)
Distribution	(327.9)	(276.8)
Administration	(154.7)	(119.0)
	(1,005.4)	(804.7)
Average number of employees	3,352	2,784
Share-based payment is recognised as follows:		
Production	(0.5)	(0.3)
Distribution	(0.8)	(1.6)
Administration	(4.8)	(1.6)
	(6.1)	(3.5)

SHARE OPTION PROGRAMME

The company has set up an incentive programme for the Management and senior managers, including the executive management of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the time of grant plus a calculated rate of interest from the date of grant until the date of exercise.

Outstanding options	Management	Others	Total
Granted in 2003	18,000	31,000	49,000
Granted in 2005	18,000	78,000	96,000
Outstanding options at January 1, 2006	36,000	109,000	145,000
Exercised (from 2003 grant)	(18,000)	(31,000)	(49,000)
Granted in 2006	27,000	93,000	120,000
Outstanding options at December 31, 2006	45,000	171,000	216,000

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

3 **COSTS (CONTINUED)**

Options relating to the 2003 grant have been exercised at an average market price of DKK 287.28 and an exercise price of DKK 154.55. This incentive programme was subject to the old tax rules under which the benefit to the option holder was taxed as ordinary income immediately on exercise. As a result, an exception was made and the difference of DKK 132.73 per option was settled in cash.

Options granted in 2005 are exercisable at a price of DKK 167.50 during a four-week period after March 15, 2007. The programme involves 12 persons.

In continuation of the share-based incentive programme, Schouw & Co. awarded a total of an additional 120,000 share options to members of the Management Board and to other senior managers, including executive managements of subsidiaries. The share options are exercisable during a four-week period following the release of Schouw & Co.'s full-year profit announcement for the 2007 financial year at a strike price of DKK 304.75, equal to the market price of the shares at the time of grant plus a 3% premium per annum.

If the optionholders have not exercised their share options within the period specified, the share options will lapse without any compensation to the holders. Exercise of the share options is subject to the holders being in continuing employment during the above-mentioned periods. If the share option holder leaves the company's employ before the exercise period begins, the holder may in some cases have a right to exercise the share options early during a four-week period following Schouw & Co.'s next following profit announcement. In the event of early exercise, the number of share options will be reduced proportionately.

The share option programme is covered by Schouw & Co.'s holding of treasury shares, comprising 777,926 shares of DKK 10 nominal value, which is recognised in the balance sheet at DKK 0. The average exercise price of outstanding share options was DKK 243.79 at December 31, 2006 (2005: DKK 163.17). The fair value of share options is calculated at a theoretical market value at the time of grant using the Black & Scholes formula. The fair values of the 2005 grant and the 2006 grant are DKK 1.8 million and DKK 5.8 million, respectively. The calculated market value is recognised in the income statement over the life of the share options.

The following assumptions were applied in calculating the fair value of outstanding share options at the date of grant:

	2005 grant	2006 grant
Expected volatility	24.50%	31.75%
Expected term	24 mo.	24 mo.
Expected dividend per share	DKK 2	DKK 3
Risk-free interest rate	2.50%	3.25%

EMPLOYEE SHARES

In 2006, Schouw & Co. allocated 9,127 of its treasury shares for employee share schemes in Group companies. Employee shares are granted on the basis of a performance-driven model. If the conditions are met, the employees receive a variable number of shares at no consideration equivalent to the estimated performance value. The condition was met for the 2006 financial year and employees have obtained a right to receive shares at a value at the date of grant of DKK 1.8 million, which amount is expensed in the income statement for 2006. The shares are held in blocked accounts until the end of the seventh calendar year following grant.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs expensed and development costs incurred are shown below:

	2006	2005
Research and development costs incurred	(74.8)	(39.0)
Development costs recognised under intangible assets	36.0	25.7
Amortisation and impairment losses on recognised development costs	(23.0)	(30.1)
Research and development costs for the year recognised in the income	(61.8)	(43.4)

DEPRECIATION/AMORTISATION AND IMPAIRMENT

	2006	2005
Amortisation of intangible assets	(20.5)	(20.8)
Impairment of intangible assets	(4.2)	(12.1)
Depreciation of property, plant and equipment	(293.2)	(187.3)
Impairment of property, plant and equipment	(0.3)	0.0
	(318.2)	(220.2)

Depreciation/Amortisation and impairment is recognised in the income statement as follows:

	2006	2005
Production	(271.6)	(172.1)
Distribution	(20.8)	(25.7)
Administration	(25.0)	(20.3)
Goodwill impairment	0.0	(2.1)
Goodwill impairment in associates	(0.8)	0.0
	(318.2)	(220.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

4 **FEES TO AUDITORS APPOINTED BY THE GENERAL MEETING**

	2006	2005
Audit fees, KPMG	4.2	2.0
Non-audit fees, KPMG	0.4	0.9
Fees for tax- and VAT-related services, KPMG	0.5	0.2
Fees for other services, KPMG	1.2	1.5
TOTAL FEE, KPMG	6.3	4.6
Audit fees, other accountants	2.5	1.6
Non-audit fees, other accountants	0.3	0.2
Fees for tax- and VAT-related services, other accountants	1.5	0.6
Fees for other services, other accountants	0.8	0.8
TOTAL FEES, OTHER ACCOUNTANTS	5.1	3.2

5 **OTHER OPERATING INCOME AND COSTS**

	2006	2005
Gains on the disposal of property, plant and equipment and intangible assets	19.8	2.8
Income recognition of negative goodwill	0.0	2.7
Government grants	1.3	0.0
TOTAL OTHER OPERATING INCOME	21.1	5.5
Losses on the disposal of property, plant and equipment and intangible assets	(2.5)	(0.3)
TOTAL OTHER OPERATING COSTS	(2.5)	(0.3)

Receiving government grants is not subject to any special conditions.

6 **EQUITY INVESTMENTS IN ASSOCIATES**

	2006	2005
Cost at January 1	210.3	60.9
Additions	9.4	0.0
Disposals	(0.1)	0.0
Additions on acquisitions	0.0	149.4
Cost at December 31	219.6	210.3
Adjustments at January 1	(3.3)	(4.0)
Foreign exchange adjustments	(6.3)	0.6
Disposals for the year	0.1	0.0
Share of the profit for the year	78.8	0.1
Adjustments at December 31	69.3	(3.3)
CARRYING AMOUNT AT DECEMBER 31	288.9	207.0

2006

							Attributable to the Group	
Name	Registered office	Ownership interest	Revenue	Profit for the year	Total assets	Liabilities	Equity	Profit for the year
Incuba A/S	Aarhus	49.02%	0.0	9.5	131.7	0.2	64.4	4.9
Martin Professional (HK) Ltd.	Hong Kong	46.20%	28.8	(0.4)	19.1	11.3	3.6	(0.2)
Beacon AB	Sweden	24.00%	10.0	0.1	3.1	2.3	0.2	0.0
Sjøtroll Havbruk AS	Norway	37.23%	647.0	200.2	1,136.3	543.2	218.3	74.6
Martin Professional Japan Ltd.	Japan	40.00%	22.5	0.8	13.3	8.2	2.0	0.3
Dansk Afgratningsteknik A/S	Skjern	33.33%	N/A	0.1	6.3	5.2	0.4	0.0
							288.9	79.6
Goodwill at December 31, 2006							0.0	
Goodwill write-down								(0.8)
							288.9	78.8

2005

							Attributable to the Group	
Name	Registered office	Ownership interest	Revenue	Profit for the year	Total assets	Liabilities	Equity	Profit for the year
Incuba A/S	Aarhus	40.53%	0.0	(0.3)	124.7	0.3	50.4	(0.1)
Martin Professional (HK) Ltd.	Hong Kong	46.20%	46.4	(0.3)	24.0	14.8	4.2	(0.1)
Beacon AB	Sweden	25.00%	9.1	0.1	3.7	3.0	0.2	0.0
Sjøtroll Havbruk AS	Norway	37.23%	543.8	126.5	1,020.0	611.8	149.4	-
Martin Professional Japan Ltd.	Japan	40.00%	26.2	0.8	9.1	4.2	2.0	0.3
Däldehög Miljö AB	Sweden	50.00%	0.0	(0.1)	1.1	0.9	0.0	0.0
							206.2	0.1
Goodwill at December 31, 2005							0.8	
							207.0	0.1

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

7 **PROFIT FROM DIVESTMENT OF EQUITY INVESTMENTS**

Schouw & Co. divested the packaging businesses Elopak Denmark A/S and Elopak AB, Sweden during the year at a total price of DKK 505 million. As a result of the transaction, the Schouw & Co. Group has recognised an accounting gain of DKK 282.9 million. No tax liability will be incurred as a result of the divestment. In 2005, Schouw & Co. recorded a similar tax-exempt gain of DKK 17.6 million following the divestment of Hydropower A/S.

8 **FINANCIAL INCOME**

	2006	2005
Interest income, etc.	26.3	10.2
Foreign exchange gains	7.8	5.9
Realised capital gains on securities	33.2	119.2
Unrealised capital gains on securities	661.6	264.7
	728.9	400.0

9 **FINANCIAL EXPENSES**

	2006	2005
Interest expenses, etc.	(121.5)	(77.4)
Foreign exchange losses	(14.3)	(6.0)
Realised capital losses on securities	(3.2)	(6.0)
Unrealised capital losses on securities	(0.4)	(0.2)
	(139.4)	(89.6)

10 **TAX ON THE PROFIT FOR THE YEAR**

	2006	2005
Tax for the year is composed as follows:		
Tax on the profit for the year	(107.9)	(33.1)
Tax on equity entries	2.1	(0.6)
	(105.8)	(33.7)
Tax on the profit for the year has been calculated as follows:		
Current tax	(71.5)	(36.2)
Deferred tax	(39.2)	(4.3)
Reduction of Danish corporate income tax from 30% to 28%	0.0	6.0
Adjustment of prior-year tax charge	2.8	1.4
	(107.9)	(33.1)
Specification of the tax on the profit for the year:		
Calculated 28% tax of the profit for the year	(398.2)	(148.3)
Adjustment of calculated tax in foreign subsidiaries relative to 28%	2.9	0.6
Reduction of Danish corporate income tax rate from 30% to 28%	0.0	6.0
Tax effect of:		
Non-deductible amortisation and impairment of goodwill	(0.1)	(0.2)
Non-deductible costs and non-taxable income	291.3	107.2
Adjustment of prior-year tax charge	2.8	1.4
Non-capitalised tax asset	(6.6)	0.2
	(107.9)	(33.1)
Effective tax rate	7.6%	6.2%

11 **EARNINGS PER SHARE (DKK)**

	2006	2005
Profit for the year	1,314.8	496.6
Minority interests' share of the profit for the year	(74.5)	1.4
Share of the profit for the year attributable to shareholders of Schouw & Co.	1,240.3	498.0
Average number of shares	12,470,000	12,470,000
Average number of treasury shares	(714,570)	(660,804)
Average number of outstanding shares	11,755,430	11,809,196
Average dilutive effect of outstanding share options	44,914	13,894
Diluted average number of outstanding shares	11,800,344	11,823,090
Earnings per share in Danish kroner of DKK 10 (EPS)	105.51	42.17
Diluted earnings per share in Danish kroner of DKK 10 (EPS)	105.11	42.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note	INTANGIBLE ASSETS	Goodwill	Patens and licences	Completed development projects	Development projects in progress	Total
12	Cost at January 1, 2006	598.5	4.4	88.4	22.9	714.2
	Foreign exchange adjustment	0.0	0.0	0.1	0.0	0.1
	Additions	34.7	0.1	4.4	30.4	69.6
	Disposals	(114.1)	0.0	(7.8)	0.0	(121.9)
	Disposals on company divestment	(14.7)	0.0	0.0	0.0	(14.7)
	Transferred/reclassified	0.0	0.0	34.9	(34.9)	0.0
	Cost at December 31, 2006	504.4	4.5	120.0	18.4	647.3
	Amortisation and impairment at January 1, 2006	(2.1)	(2.1)	(53.0)	0.0	(57.2)
	Foreign exchange adjustment	0.0	0.0	(0.1)	0.0	(0.1)
	Impairment	0.0	0.0	(2.4)	(1.0)	(3.4)
	Amortisation	0.0	(0.9)	(19.6)	0.0	(20.5)
	Amortisation of disposed assets	0.0	0.0	7.5	0.0	7.5
	Amortisation and impairment at December 31, 2006	(2.1)	(3.0)	(67.6)	(1.0)	(73.7)
	CARRYING AMOUNT AT DECEMBER 31, 2006	502.3	1.5	52.4	17.4	573.6
	Cost at January 1, 2005	464.6	4.2	78.9	22.8	570.5
	Foreign exchange adjustment	0.0	0.0	0.2	0.0	0.2
	Additions on company acquisitions	193.0	0.0	0.0	0.0	193.0
	Adjustment of take-over balance sheet	(52.6)	0.0	0.0	0.0	(52.6)
	Additions	0.0	0.4	4.2	21.5	26.1
	Disposals	(6.5)	(0.2)	(13.7)	(8.7)	(29.1)
	Transferred/reclassified	0.0	0.0	18.8	(12.7)	6.1
	Cost at December 31, 2005	598.5	4.4	88.4	22.9	714.2
	Amortisation and impairment at January 1, 2005	0.0	(1.7)	(38.6)	0.0	(40.3)
	Impairment	(2.1)	0.0	(1.6)	(8.4)	(12.1)
	Amortisation	0.0	(0.7)	(20.1)	0.0	(20.8)
	Amortisation of disposed assets	0.0	0.3	12.5	8.4	21.2
	Transferred/reclassified	0.0	0.0	(5.2)	0.0	(5.2)
	Amortisation and impairment at December 31, 2005	(2.1)	(2.1)	(53.0)	0.0	(57.2)
	CARRYING AMOUNT AT DECEMBER 31, 2005	596.4	2.3	35.4	22.9	657.0
	Amortised over		3-15 years	3-7 years		

GOODWILL

Schouw & Co. recognised goodwill of DKK 502.3 million at December 31, 2006. Goodwill increased by a total of DKK 34.7 million in 2006 due to the acquisition of the minority shareholdings in Grene Poland (DKK 10.4 million) and Fibertex Nonwovens Sdn. Bhd., Malaysia (DKK 24.3 million). In addition, disposal of goodwill amounted to DKK 128.8 million in relation to the divestment of the packaging businesses. Lastly, a reassessment of goodwill in BioMar reduced goodwill by DKK 52.6 million as described in note 28, page 57.

The addition of goodwill for the year of DKK 34.7 million brought total goodwill to DKK 502.3 million, which breaks down as follows: Martin Professional DKK 236.6 million, Fibertex DKK 104.2 million, Grene DKK 14.3 million, BioMar DKK 140.4 million and Xergi DKK 6.8 million.

Goodwill in the listed company BioMar Holding A/S was tested in a comparison of the officially quoted price at the time of acquisition (DKK 118 per share) and subsequent price developments. As the officially quoted price was around DKK 250 per share at the end of 2006, the value of goodwill is intact.

The management of Schouw & Co. has assessed and tested the carrying amounts of goodwill relating to the other companies for impairment.

In the test performed, the executive management of each company was asked to indicate the expected free cash flow for the next five years. Such free cash flow indications were applied to a cash flow model for the purpose of estimating such company's value and goodwill, which amount was subsequently compared with the carrying amount for the Schouw & Co. Group.

For valuation purposes, a WACC value in the range of 6.75%–7.50% (after tax) was fixed for each company, depending on their individual risk profiles. In addition, a growth rate of 2% was used to extrapolate each company's cash flow.

Sensitivity analyses have been made to calculate the value subject to each company meeting 100%, 85% and 75%, respectively, of its forecast cash flow, combined with alternative, higher WACC values (of +0.25 and + 0.50 percentage point).

The initial assumption of the goodwill impairment test was that the forecast free cash flow was fully met, which did not give rise to any impairment of the carrying amount of goodwill in the Schouw & Co. Group.

DEVELOPMENT PROJECTS

Schouw & Co. recognised development costs of DKK 69.8 million and patents and licenses of DKK 1.5 million at December 31, 2006. An impairment test was performed in 2006 on the carrying amount of completed development projects, and of development projects in progress, due to indications of impairment. Martin Professional has estimated that the recoverable amount of certain development projects is less than the carrying amount, and such projects have been written down by DKK 3.4 million.

It has been estimated that the recoverable amount for the rest of the development projects in the Group is greater than the carrying amount, eliminating the need for impairment.

Estimated recoverable amounts are based on calculations determined through the application of projected cash flows on the basis of expectations for 2007-2010 as approved by management.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

13 **PROPERTY, PLANT AND EQUIPMENT**

2006	Land and buildings	Leasehold improvements	Plant and machinery	Rental equipment	Other fixtures, tools and equipment	Assets under construction	Total
Cost at January 1, 2006	1,155.3	24.0	1,643.6	230.9	261.9	566.6	3,882.3
Foreign exchange adjustment	(14.6)	(0.4)	(21.0)	(0.6)	4.1	(2.1)	(34.6)
Additions on company acquisitions	2.8	0.0	0.0	0.0	0.0	0.0	2.8
Additions	25.8	0.5	89.2	2.0	31.6	387.6	536.7
Disposals	(4.8)	(1.0)	(48.8)	(24.5)	(17.4)	(3.2)	(99.7)
Disposals on company divestment	(6.0)	(2.5)	(171.0)	(225.8)	(22.3)	(27.7)	(455.3)
Transferred/reclassified	179.9	0.0	548.2	34.8	7.9	(771.5)	(0.7)
Cost at December 31, 2006	1,338.4	20.6	2,040.2	16.8	265.8	149.7	3,831.5
Depreciation and impairment at January 1, 2006	(180.3)	(15.4)	(800.6)	(148.8)	(184.9)	0.0	(1,330.0)
Foreign exchange adjustment	1.7	0.2	7.6	0.2	(4.3)	0.0	5.4
Transferred/reclassified	0.2	0.0	(0.8)	0.0	1.3	0.0	0.7
Depreciation of disposed assets	3.5	1.0	45.4	21.3	13.4	0.0	84.6
Impairment	0.0	0.0	(0.3)	0.0	0.0	0.0	(0.3)
Disposals on company divestment	2.8	1.4	117.5	134.7	17.5	0.0	273.9
Depreciation	(46.0)	(2.3)	(189.7)	(20.8)	(34.4)	0.0	(293.2)
Depreciation and impairment at December 31, 2006	(218.1)	(15.1)	(820.9)	(13.4)	(191.4)	0.0	(1,258.9)
CARRYING AMOUNT AT DECEMBER 31, 2006	1,120.3	5.5	1,219.3	3.4	74.4	149.7	2,572.6
Of which assets held under finance lease	0.0	0.0	12.9	0.0	0.0	0.0	12.9
Interest recognised during period	1.6	0.0	7.6	0.0	0.0	0.0	9.2
Depreciated over	10-50 years	5-10 years	3-12 years	1-3 years	3-8 years		

2005	Land and buildings	Leasehold improvements	Plant and machinery	Rental equipment	Other fixtures, tools and equipment	Assets under construction	Total
Cost at January 1, 2005	798.5	22.8	1,214.0	191.9	248.9	224.4	2,700.5
Foreign exchange adjustment	11.8	0.8	29.5	0.3	3.5	33.0	78.9
Additions	20.6	0.7	21.9	10.3	25.5	371.9	450.9
Additions on company acquisitions	335.4	0.0	394.1	0.0	15.8	4.0	749.3
Transferred/reclassified	5.4	0.0	3.6	47.4	(5.0)	(57.5)	(6.1)
Disposals	(16.4)	(0.3)	(19.5)	(19.0)	(26.8)	(9.2)	(91.2)
Cost at December 31, 2005	1,155.3	24.0	1,643.6	230.9	261.9	566.6	3,882.3
Depreciation and impairment at January 1, 2005	(160.6)	(12.6)	(707.7)	(139.2)	(180.8)	0.0	(1,200.9)
Foreign exchange adjustment	(1.4)	(0.4)	(6.4)	0.2	(2.1)	0.0	(10.1)
Depreciation	(21.0)	(2.6)	(105.0)	(28.7)	(30.0)	0.0	(187.3)
Depreciation of disposed assets	2.7	0.2	19.1	18.9	22.2	0.0	63.1
Transferred/reclassified	0.0	0.0	(0.6)	0.0	5.8	0.0	5.2
Depreciation and impairment at December 31, 2005	(180.3)	(15.4)	(800.6)	(148.8)	(184.9)	0.0	(1,330.0)
CARRYING AMOUNT AT DECEMBER 31, 2005	975.0	8.6	843.0	82.1	77.0	566.6	2,552.3
Of which assets held under finance lease	0.0	0.0	3.8	0.0	0.0	0.0	3.8
Interest recognised during period	3.3	0.0	0.0	0.0	0.0	7.4	10.7
Depreciated over	10-50 years	7-10 years	3-10 years	3-10 years	3-8 years		

In 2006, the Group entered into contracts for the purchase of property, plant and equipment for delivery in 2007 for an amount of DKK 77.0 million.

During the year, the Group capitalised interest of DKK 9.2 million (2005: DKK 10.7 million) in respect of the year's additions in building projects. The amount corresponds to a rate of interest of 4.2% of the project costs incurred during the period from the start of the project and until it is finished and can be used for the intended purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

14 **SECURITIES**

	2006	2005
Shares in Vestas Wind Systems A/S	1,158.1	714.7
Other securities	19.4	13.5
	1,177.5	728.2

At December 31, 2006, the company held 4,800,000 shares in Vestas Wind Systems recognised at a price of DKK 241.27 per share. At DKK 1,158.1 million, the fair value of the holding corresponded to the market price at December 31, 2006.

Management continuously monitors the fair value of the securities portfolio. The holding is classified as a holding measured at fair value and for which value adjustments are recognised in the income statement as a financial income or a financial expense. The same method of recognition was applied for the 2005 financial year.

15 **INVENTORIES**

	2006	2005
Raw materials and consumables	393.8	352.9
Work in progress	49.4	55.7
Finished goods and goods for resale	765.7	683.8
	1,208.9	1,092.4

	2006	2005
Cost of inventories for which impairment losses have been recognised	166.1	168.1
Accumulated impairment losses on inventories	(82.0)	(71.5)
Net sales value	84.1	96.6

16 **RECEIVABLES**

	2006	2005
Trade receivables	1,217.8	1,106.5
Income tax receivable	25.9	11.4
Other receivables	67.1	82.9
	1,310.8	1,200.8
Impairment losses included in the above receivables	106.6	102.4

For receivables falling due within one year after the end of the financial year, the nominal value is considered to correspond to the fair value.

17 **CONSTRUCTION CONTRACTS**

	2006	2005
Sales value of construction contracts	21.1	5.9
Invoiced on account	0.0	0.0
	21.1	5.9
Construction contracts (assets)	21.1	5.9
Construction contracts (liabilities)	0.0	0.0
	21.1	5.9

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

18 **EQUITY**

SHARE CAPITAL

The share capital consists of 12,470,000 shares with a nominal value of DKK 10 each. All shares rank equally.

The share capital has been increased once over the last five years. In 2002, bonus shares at a nominal value of DKK 2.7 million were issued to holders of class A shares concurrently with the merging of the A and B share classes.

TREASURY SHARES

	Number of shares		Nominal value		Percentage of share capital	
	2006	2005	2006	2005	2006	2005
January 1	657,053	670,381	6,570,530	6,703,810	5.27%	5.38%
Bought	130,000	0	1,300,000	0	1.04%	0.00%
Share-based payment	(9,127)	(13,328)	(91,270)	(133,280)	-0.07%	-0.11%
DECEMBER 31	777,926	657,053	7,779,260	6,570,530	6.24%	5.27%

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 1,247,000 treasury shares, equal to 10.0% of the share capital. The authorisation is valid until the company's next annual general meeting, at which time a proposal will be made to renew it.
The company acquires treasury shares for allocation to the Group's employee share schemes and share option programmes.

HEDGE TRANSACTION RESERVE

The hedge transaction reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised.

EXCHANGE ADJUSTMENT RESERVE

The exchange adjustment reserve contains all foreign exchange adjustments arising on the translation of financial statements for units that have a functional currency other than Danish kroner, foreign exchange adjustments relating to assets and liabilities representing a part of the Group's net investment in such units, as well as foreign exchange adjustments relating to hedging transactions used to hedge the Group's net investment in such units.

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total	Minority interests	Total equity
Equity at January 1, 2005	124.7	(2.4)	(9.2)	1,651.7	24.9	1,789.7	118.6	1,908.3
Changes in equity 2005								
Total recognised comprehensive income	0.0	1.2	38.9	460.6	37.4	538.1	12.4	550.5
Share-based payment	0.0	0.0	0.0	3.5	0.0	3.5	0.0	3.5
Dividend distributed	0.0	0.0	0.0	1.2	(24.9)	(23.7)	0.0	(23.7)
Addition of minority interests	0.0	0.0	0.0	0.0	0.0	0.0	341.1	341.1
Changes in equity 2005	0.0	1.2	38.9	465.3	12.5	517.9	353.5	871.4
EQUITY AT DECEMBER 31, 2005	124.7	(1.2)	29.7	2,117.0	37.4	2,307.6	472.1	2,779.7
Changes in equity 2006								
Total recognised comprehensive income	0.0	(4.4)	(16.3)	1,170.6	74.8	1,224.7	66.4	1,291.1
Share-based payment	0.0	0.0	0.0	(0.9)	0.0	(0.9)	0.0	(0.9)
Dividend distributed	0.0	0.0	0.0	2.0	(37.4)	(35.4)	(31.1)	(66.5)
Addition/disposal of minority interests	0.0	0.0	0.0	0.0	0.0	0.0	(126.6)	(126.6)
Treasury shares bought	0.0	0.0	0.0	(35.4)	0.0	(35.4)	0.0	(35.4)
Changes in equity 2006	0.0	(4.4)	(16.3)	1,136.3	37.4	1,153.0	(91.3)	1,061.7
EQUITY AT DECEMBER 31, 2006	124.7	(5.6)	13.4	3,253.3	74.8	3,460.6	380.8	3,841.4

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

19 **DEFERRED TAX**

	2006	2005
Deferred tax at January 1	23.6	94.2
Foreign exchange adjustment	0.3	2.2
Deferred tax adjustment at January 1	(0.2)	0.5
Deferred tax for the year recognised in profit for the year	39.2	4.3
Effect of lowering of Danish corporate income tax from 30% to 28%	0.0	(6.0)
Transfer of income tax payable, January 1	0.0	(0.7)
Deferred tax for the year recognised in equity	(2.1)	(0.3)
Addition on acquisition of subsidiary	0.4	(69.3)
Disposal on the sale of equity investments	(8.5)	(1.3)
NET DEFERRED TAX AT DECEMBER 31	52.7	23.6

	2006	2005
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	(115.6)	(155.5)
Deferred tax (liability)	168.3	179.1
NET DEFERRED TAX AT DECEMBER 31	52.7	23.6

	2006	2005
Deferred tax pertains to:		
Intangible assets	7.5	3.4
Property, plant and equipment	145.4	125.8
Current assets	(20.7)	(14.7)
Equity	0.2	(0.1)
Provisions	(17.4)	(25.2)
Other liabilities	(10.7)	(14.7)
Recaptured losses	10.4	10.5
Tax loss carry-forwards	(62.0)	(61.4)
	52.7	23.6

There are no deferred tax liabilities that have not been recognised in the balance sheet. The company has a tax loss of DKK 101.0 million that has not been capitalised as a tax asset. No value has been recognised for the deferred tax assets, because it is considered unlikely that they will be realised.

CHANGES IN TEMPORARY DIFFERENCES DURING THE YEAR

2006

	Balance at Jan. 1	Foreign exchange adjustment	Additions on acquisition	Recognised in profit for the year	Recognised in equity	Balance at Dec. 31
Intangible assets	3.4	0.7	0.0	3.4	0.0	7.5
Property, plant and equipment	125.8	(1.5)	0.0	21.1	0.0	145.4
Receivables	(3.9)	0.3	0.0	(2.2)	0.0	(5.8)
Inventories	(3.5)	0.5	0.0	(1.1)	0.0	(4.1)
Other current assets	(7.3)	0.1	0.0	(3.4)	(0.2)	(10.8)
Equity	(0.1)	0.0	0.0	0.0	0.3	0.2
Provisions	(25.2)	0.0	0.0	7.8	0.0	(17.4)
Other liabilities	(14.7)	0.1	0.4	5.8	(2.3)	(10.7)
Recaptured losses	10.5	0.0	0.0	(0.2)	0.1	10.4
Tax losses	(61.4)	0.1	0.0	(0.7)	0.0	(62.0)
	23.6	0.3	0.4	30.5	(2.1)	52.7

2005

	Balance at Jan. 1	Foreign exchange adjustment	Additions on acquisition	Recognised in profit for the year	Recognised in equity	Balance at Dec. 31
Intangible assets	16.6	(0.3)	(3.6)	(9.3)	0.0	3.4
Property, plant and equipment	89.4	3.1	39.1	(5.8)	0.0	125.8
Receivables	(2.7)	0.0	0.0	(1.2)	0.0	(3.9)
Inventories	(3.6)	(0.2)	0.0	0.3	0.0	(3.5)
Other current assets	2.0	0.0	(8.4)	(0.9)	0.0	(7.3)
Equity	0.5	0.0	0.0	(0.3)	(0.3)	(0.1)
Provisions	0.0	0.0	(25.2)	0.0	0.0	(25.2)
Other liabilities	(1.6)	(0.1)	(10.1)	(2.9)	0.0	(14.7)
Recaptured losses	0.0	0.0	0.0	10.5	0.0	10.5
Tax losses	(6.4)	(0.3)	(61.1)	6.4	0.0	(61.4)
	94.2	2.2	(69.3)	(3.2)	(0.3)	23.6

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

20 **PENSIONS AND SIMILAR LIABILITIES**

For defined contribution plans, the employer is obliged to pay a defined contribution (for example a fixed amount or a fixed percentage of an employee's salary). For a defined contribution plan, the Group runs no risk in respect of future developments in interest rates, inflation, mortality or disability.

Under defined benefit plans, the employer is obliged to pay a defined benefit (for example a retirement pension as a fixed amount or a fixed percentage of an employee's final salary). Under a defined benefit plan, the Group carries the risk in respect of future developments in interest rates, inflation, mortality or disability.

It is group policy to cover all pension liabilities by way of insurance, so as to avoid defined benefit plans. The acquisition of the majority holding in BioMar Holding A/S at December 31, 2005 included defined benefit pension obligations, which were included in the consolidated balance sheet of Schouw & Co. at December 31, 2005.

Changes in recognised liability in 2006:	
Net liability at January 1, 2006	(80.8)
Gains on curtailments and repayments	2.9
Reduction of pension obligations	30.0
Net liability at December 31, 2006	(47.9)

The pension obligation in BioMar Holding was calculated at DKK 47.9 million at December 31, 2006. The entire amount relates to that company's liability to insure the entitlements to receive supplementary pensions in accordance with the previous practise of the KFK pension funds. The entire obligation is related to people who were on the labour market at September 30, 2002 and who transferred to employment with the consortium that took over the divested grain and feed operations (the former KFK). Some uncertainty applies as to the amount of the pension obligation. Accordingly, covering this liability may impact future financial results in a positive or a negative direction.

As insurance cover must still be provided at September 30, 2002, no actuarial gains or losses have been recognised. Income of DKK 30 million has been recognised for the 2006 financial year relating to the above-mentioned obligation, because the Danish FSA has changed its position on the scope of BioMar Holding A/S's liability of coverage.

Amounts recognised in the consolidated income statement in respect of defined contribution plans and defined benefit plans are shown in note 3 to the financial statements on page 44.

21 **PROVISIONS**

	2006	2005
Warranty commitments at January 1	2.5	3.4
Used during the year	(1.0)	(0.8)
Unused warranty commitments reversed	(0.1)	(0.4)
Provisions made for the year	24.8	0.3
Warranty commitments at December 31	26.2	2.5
Warranty commitments are expected to fall due within:		
Short-term	10.3	0.3
Long-term	15.9	2.2
Warranty commitments at December 31	26.2	2.5

Provisions made comprise warranty commitments. For certain products, the Group has a contractual commitment to provide warranties of from 12 to 24 months. Under these warranties, the Group undertakes to replace or repair goods that do not function satisfactorily.

The statement of expected expiry dates is based on previous experience of when claims for repair are typically received or goods are returned.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

22 **CREDIT INSTITUTIONS**

	2006	2005
Debt recognised in the balance sheet:		
Credit institutions (long-term)	1,341.9	1,389.8
Short-term part of long-term liabilities	361.2	248.7
Credit institutions (short-term)	523.7	1,396.5
	2,226.8	3,035.0
Fair value	2,226.5	3,036.2
Nominal value	2,226.8	3,035.0
Long-term debt falling due more than five years after the end of the financial year (carrying amount)	493.1	386.6

THE GROUP HAS THE FOLLOWING LONG-TERM LOANS AND SHORT-TERM CREDIT FACILITIES:

			Effective rate of interest		Carrying amount		Fair value	
Currency	Matures in	Fixed/floating	2006	2005	2006	2005	2006	2005
DKK	2015	Fixed	5.6%	4.8%	35.8	126.2	35.8	126.6
DKK	2026	Floating	4.1%	2.9%	772.2	643.0	771.9	643.8
EUR	2022	Fixed	5.7%	5.6%	201.7	264.6	201.7	264.6
EUR	2024	Floating	3.6%	2.9%	367.2	284.9	367.2	284.9
Other	2009	Fixed	7.0%	6.6%	57.7	97.3	57.7	97.3
Other	2015	Floating	4.9%	4.8%	268.5	222.5	268.5	222.5
Total long-term loans					1,703.1	1,638.5	1,702.8	1,639.7
Of which short-term part of long-term debt					361.2	248.7		
DKK			3.4%	3.0%	251.5	1,060.2		
EUR			3.7%	3.1%	85.6	109.6		
PLN			4.7%	5.5%	49.5	44.4		
USD			5.7%	5.2%	42.1	115.9		
CZK			3.1%	0.0%	34.2	7.9		
MYR			4.5%	0.0%	28.8	18.3		
Other			4.3%	3.8%	32.0	40.2		
Total short-term credit facilities					523.7	1,396.5		
Total interest-bearing debt					2,226.8	3,035.0		
Weighted average effective rate of interest			4.2%	3.7%				

Fair value calculated as the present value of expected future instalments and interest payments.

Accordingly, liabilities regarding assets held under finance leases are included under debt to credit institutions.

	Lease payment		Rate of interest		Carrying amount	
Expire in	2006	2005	2006	2005	2006	2005
0-1 year	4.9	2.1	(0.6)	(0.2)	4.4	1.9
1-5 years	8.4	3.3	(1.0)	(0.1)	6.7	3.2
> 5 years	3.9	0.0	(0.1)	0.0	3.8	0.0
	17.2	5.4	(1.7)	(0.3)	14.9	5.1

The fair value of the liabilities relating to assets held under finance leases corresponds to the carrying amount.
The fair value is an estimate of the present value of future cash flows applying a market rate for similar leases.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER		2006	2005
Note			
23	**TRADE PAYABLES AND OTHER PAYABLES**		
	Trade payables	633.4	531.8
	Customer prepayments	31.9	20.3
	Other payables	397.3	284.9
		1,062.6	837.0
24	**INCOME TAX**		
	Net income tax payable at January 1	24.7	(19.8)
	Exchange adjustments at January 1	(1.4)	0.2
	Current tax for the year including jointly-taxed subsidiaries	71.5	36.2
	Prior-year adjustments	(1.9)	(2.2)
	Transferred from deferred tax at January 1	0.0	0.7
	Tax payable recognised in equity	0.0	0.9
	Additions on acquisitions	0.0	28.0
	Disposal on sale of subsidiary	(1.1)	(0.8)
	Corporate income tax paid during the year	(37.9)	(18.5)
	Net income tax payable at December 31	53.9	24.7
	which is distributed as follows:		
	Income tax receivable	(25.9)	(11.4)
	Income tax payable	79.8	36.1
		53.9	24.7

25 **CONTINGENT LIABILITIES AND GUARANTEES**

CONTINGENT LIABILITIES

	2006	2005
Guarantee for debt owed to banks and credit institutions	0.0	0.1

The Schouw & Co. Group is currently a party to a small number of legal disputes. Management believes that the results of these legal disputes will not impact the Group's financial position other than the receivables and liabilities that have been recognised in the balance sheet at December 31, 2006.

GUARANTEES

The following assets have been provided as security to credit institutions:

	2006	2005
Land and buildings with a carrying amount of	812.5	648.0
Plant and machinery with a carrying amount of	844.1	820.5
Otner non-current assets	389.7	346.9
Current assets	170.3	76.4
Other guarantees	16.9	26.7

26 **CHANGES IN WORKING CAPITAL**

	2006	2005
Change in inventories	(141.2)	(30.0)
Change in receivables	(187.3)	(79.5)
Change in trade payables and other payables	107.4	44.4
	(221.1)	(65.1)

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
27	**ADJUSTMENT FOR NON-CASH TRANSACTIONS**		
	Purchase of intangible assets, see note 12	69.7	26.1
	Of which had not been paid at the balance sheet date/adjustment for the year	(24.1)	0.0
	Amount paid in relation to intangible assets	45.6	26.1
	Purchase of property, plant and equipment, see note 13	536.7	450.9
	Of which had not been paid at the balance sheet date/adjustment for the year	(8.1)	30.7
	Of which assets held under finance leases	(10.9)	0.0
	Amount paid in relation to purchase of property, plant and equipment	517.7	481.6
	Incurring financial liabilities	244.6	299.5
	Of which lease debt	(10.9)	0.0
	Proceeds from incurring financial liabilities	233.7	299.5

28 **ACQUISITION OF SUBSIDIARIES AND BUSINESS ACTIVITIES**

	2006		2005	
	Fair value at time of acquisition	Carrying amount prior to acquisition	Fair value at time of acquisition	Carrying amount prior to acquisition
Intangible assets	0.0	0.0	0.0	0.0
Property, plant and equipment	2.8	0.4	749.3	566.1
Financial assets	0.0	0.0	169.5	133.7
Inventories	2.3	2.8	237.0	231.0
Receivables	0.6	0.6	507.0	507.0
Tax asset	0.0	0.0	132.6	56.2
Cash and cash equivalents	0.0	0.0	267.0	267.0
Credit institutions	(0.6)	(0.6)	(470.7)	(470.7)
Deferred tax	(0.4)	0.0	(63.3)	(20.3)
Provisions	0.0	0.0	(80.8)	(80.8)
Trade payables	(0.1)	0.0	(353.3)	(353.3)
Other liabilities	0.0	(0.1)	0.0	0.0
Contingent liabilities	0.0	0.0	0.0	0.0
NET ASSETS ACQUIRED	4.6	3.1	1,094.3	835.9
Of which minority interests	0.0		(341.1)	
Goodwill	0.0		140.4	
COST	4.6		893.6	
Of which cash and cash equivalents	0.0		(267.0)	
CASH COST	4.6		626.6	

2006

In November 2006, Grene acquired, acting through Grene Poland, Agroma Glubczyce, a small agro business based in southern Poland. The acquisition price of DKK 4.6 million was paid in cash.

In connection with the acquisition of Agroma Glubczyce, Schouw & Co. has revalued assets, liabilities and contingent liabilities with a view to recognising them at fair value in the takeover balance sheet. The following value revisions have been identified (in millions of Danish kroner):

Land and buildings	2.4
Inventories	(0.5)
Deferred tax	(0.4)
Trade payables	(0.1)
Other liabilities	0.1
Total	1.5

In June 2006, Grene acquired an additional 32.5% of the shares in Grene Poland from The Investment Fund for Central and Eastern Europe at a price of DKK 25.6 million. The purchase price included goodwill of DKK 7.9 million, which amount has been capitalised in the consolidated balance sheet.

In 2006, Fibertex acquired the outstanding 40% of the share capital in Fibertex Nonwovens Sdn. Bhd., Malaysia. The DKK 135 million purchase price included goodwill of DKK 24.1 million, which amount has been capitalised in the consolidated balance sheet.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

28 **ACQUISITION OF SUBSIDIARIES AND BUSINESS ACTIVITIES (CONTINUED)**

2005

Schouw & Co. took over a shareholding majority in BioMar Holding A/S at the end of 2005 by acquiring 68.82% of the shares.

In connection with the acquisition of BioMar Holding A/S, Schouw & Co. has revalued assets, liabilities and contingent liabilities totalling DKK 182.0 million, recognising them at fair value in the takeover balance sheet at December 31, 2005.

In case of uncertainty regarding the fair value, IFRS allows for a reassessment within a period of 12 months after the acquisition. Schouw & Co. has made such a subsequent reassessment of the takeover balance sheet. Based on additional information learned in 2006 and, not least, BioMar's very positive financial performance in 2006, the review led to the capitalisation of previously unrecognised deferred tax assets of DKK 76.4 million, bringing the total revaluation to DKK 258.4 million. The new assessment of the takeover balance sheet entails that goodwill is reduced by DKK 52.6 million at December 31, 2005, which amount equals Schouw & Co.'s proportionate share of the deferred tax assets. As a result, goodwill relating to BioMar is DKK 140.4 million.

29 **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at December 31 comprise:		
Securities with a maturity of less than three months	0.0	30.3
Cash	155.2	293.3
	155.2	323.6

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

30 **FOREIGN EXCHANGE AND INTEREST RATE RISKS AND USE OF FINANCIAL DERIVATIVES**

THE GROUP'S RISK MANAGEMENT POLICY

Due to the nature of its operations, investments and financing, the Group is exposed to changes in exchange and interest rates. Group policy is not to actively conduct speculation in financial risks. Accordingly, the Group's financial management exclusively involves the management of financial risk relating to its operations and investments.

For a description of the accounting policies and methods applied, including the recognition criteria and basis of measurement, see the relevant section under accounting policies.

CURRENCY RISK

The Group's foreign subsidiaries are not severely impacted by foreign exchange fluctuations, as both income and costs are settled in local currency. Exporting operations performed by Danish companies are affected by changes in exchange rates, as revenue is mainly generated in foreign currency while costs, including wages, are incurred in Danish kroner.

The consolidated income statement is also affected by changes in exchange rates, because foreign subsidiaries' profit is translated into Danish kroner at the end of the year using average exchange rates.

The Group has a number of investments in foreign subsidiaries, for which the translation of equity into Danish kroner entails currency risk exposure.

Having same-currency revenue and costs, the Group hedges its foreign exchange risk mainly by way of derivative financial instruments. Hedging is mainly based on forward currency contracts and options.

THE GROUP'S FOREIGN EXCHANGE RISKS RECOGNISED IN THE BALANCE SHEET AT DECEMBER 31, 2006

Currency	Securities and cash/equivalents	Receivables	Debt	Hedged by way of forward currency contracts and currency swaps [1]	Net position
EUR	22.4	515.1	(1,085.8)	0.0	(548.3)
CZK	3.4	8.9	(126.0)	0.0	(113.7)
MYR	2.1	8.7	(92.8)	0.0	(82.0)
GBP	16.6	108.2	(43.4)	(12.0)	69.4
PLN	1.8	11.7	(71.2)	0.0	(57.7)
SEK	1.2	4.4	(37.5)	0.0	(31.9)
USD	12.7	235.0	(283.7)	55.2	19.2
NOK	10.8	110.9	(104.0)	0.0	17.7
Other	23.0	21.8	(19.5)	0.0	25.3
	94.0	1,024.7	(1,863.9)	43.2	(702.0)

THE GROUP'S FOREIGN EXCHANGE RISKS RECOGNISED IN THE BALANCE SHEET AT DECEMBER 31, 2005

Valuta	Securities and cash/equivalents	Receivables	Debt	Hedged by way of forward currency contracts and currency swaps [1]	Net position
EUR	51.5	548.8	(845.9)	0.0	(245.6)
USD	40.4	221.5	(380.8)	(1.4)	(120.3)
PLN	2.2	9.5	(29.8)	0.0	(18.1)
SEK	34.6	31.3	(61.0)	11.9	16.8
CZK	0.6	11.0	(21.9)	0.0	(10.3)
GBP	7.1	29.8	(34.6)	(10.8)	(8.5)
NOK	1.8	1.5	(10.3)	0.0	(7.0)
MYR	0.0	6.5	0.0	0.0	6.5
Other	1.0	12.2	(16.3)	0.0	(3.1)
	139.2	872.1	(1,400.6)	(0.3)	(389.6)

[1] Positive principal amounts on forward currency contracts indicate a purchase of the currency in question. Negative principal amounts indicate a sale.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

30 **FOREIGN EXCHANGE AND INTEREST RATE RISKS AND USE OF FINANCIAL DERIVATIVES (CONTINUED)**

CURRENCY HEDGING AGREEMENTS REGARDING FUTURE TRANSACTIONS

Net amounts outstanding for currency hedging agreements at December 31, 2006 for the Group and the parent company, which satisfy the requirements for hedge accounting and which relate to future transactions

	2006			**2005**		
Valuta	Notional principal [1)]	Capital gain/-loss recognised in equity	Maximum number of months to expiry	Notional principal [1)]	Capital gain/-loss recognised in equity	Maximum number of months to expiry
EUR	35.3	(0.3)	1	0.0	0.0	-
USD	153.5	(1.4)	4	158.6	(1.6)	3
GBP	15.7	(0.4)	7	162.7	(0.2)	3
SEK	11.3	(0.3)	6	12.5	0.0	2
NOK	26.1	(0.3)	1	145.8	(0.9)	1
CAD	36.0	(0.7)	1	0.0	0.0	-
	277.9	(3.4)		479.6	(2.7)	

1) Positive principal amounts on forward currency contracts indicate a purchase of the currency in question. Negative principal amounts indicate a sale.

Forward currency contracts relate to hedging of goods sold and goods purchased pursuant to the Group's policy.

INTEREST RATE RISK

It is group policy to hedge interest rate risk on the Group's loans. Hedging normally consists of interest rate swaps that convert floating rate loans to fixed rate loans. In addition, the Group has also set up a rate cap, preventing the interest rate from exceeding a pre-defined level. All interest rate swaps and rate caps are used to hedge underlying loans/credit facilities.

The following contractual revaluation and repayment structures apply to the Group's interest-bearing financial assets and liabilities:

	Revaluation/repayment falls due in				
Category	0-1 year	1-5 years	> 5 years	Total	Effective rate of interest
Mortgage and credit institutions	(986.7)	(593.1)	(123.3)	(1,703.1)	4.7%
Credit institutions (short-term)	(523.7)	0.0	0.0	(523.7)	4.4%
Interest rate swaps (principal), floating rate	170.1	0.0	75.0	245.1	3.8%
Interest rate swaps	(0.7)	(71.7)	(172.7)	(245.1)	4.2%
Rate cap (principal)	150.5	0.0	0.0	150.5	4.4%
Rate cap (hedged)	(150.5)	0.0	0.0	(150.5)	5.0%
DECEMBER 31, 2006	(1,341.0)	(664.8)	(221.0)	(2,226.8)	
Mortgage and credit institutions	(702.9)	(827.5)	(108.1)	(1,638.5)	4.0%
Credit institutions (short-term)	(1,396.5)	0.0	0.0	(1,396.5)	3.3%
Interest rate swaps (principal), floating rate	47.6	0.0	20.0	67.6	2.7%
Interest rate swaps (principal), fixed rate	(47.6)	0.0	(20.0)	(67.6)	3.9%
Rate cap (principal)	0.0	160.6	0.0	160.6	3.0%
Rate cap (hedged)	0.0	(160.6)	0.0	(160.6)	4.9%
DECEMBER 31, 2005	(2,099.4)	(827.5)	(108.1)	(3,035.0)	

Effective rates of interest are calculated at the balance sheet date

CREDIT RISK

The Group's credit risks are primarily related to trade receivables. The Group is not exposed to significant risks concerning individual customers or business partners. The Group's policy for undertaking credit risks involves an ongoing credit assessment of all major customers.

	Recognised in balance sheet at December 31		Maximum credit risk with consideration for collateral security	
	End 2006	End 2005	End 2006	End 2005
Trade receivables	1,217.8	1,106.5	1,135.5	967.7
Other receivables	67.1	82.9	66.8	82.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
31	**OPERATIONAL LEASES AND RENT COMMITMENTS**		
	Payments for non-terminable operating leases		
	0-1 year	49.1	38.6
	1-5 years	96.2	48.6
	> 5 years	61.2	0.3
		206.5	87.5

The Group leases tools and equipment under operating leases. Lease periods are typically for 2-8 years with a renewal option on expiry. No contingent rents are payable under the leases.

An amount of DKK 47.8 million (2005: DKK 8.9 million) relating to operating leases has been recognised in the consolidated income statement for 2006.

Total rent commitments for leased premises during the period of non-terminability amounted to DKK 40.9 million (2005: DKK 68.7 million).

32 **RELATED PARTY TRANSACTIONS**

Under Danish legislation, Givesco A/S, Svinget 24, DK-7323 Give, members of the Board of Directors, the Management Board and senior management as well as their family members are considered to be related parties. Related parties also comprise companies in which the individuals mentioned above have material interests.

The Copenhagen Stock Exchange has previously pointed out that, pursuant to Section 31 of the Securities Trading Act, the three shareholders Givesco A/S, Direktør Svend Hornsylds Legat and Erling Eskildsen are to be considered as a single shareholder of Aktieselskabet Schouw & Co. The three shareholders hold in aggregate 47.90 % of the shares in Aktieselskabet Schouw & Co.

Related parties also comprise subsidiaries and associates, see note 6 to the consolidated financial statements and note 5 to the parent company financial statements, in which Schouw & Co. has a controlling influence, as well as members of the Board of Directors, Management Board and senior management.

Management remuneration and share option programmes are described in note 3.

Other than as set out in note 3, there were no other related party transactions.

33 **EVENTS AFTER THE BALANCE SHEET DATE**

Events after the balance sheet date are discussed in ”Management’s Report” on page 10.

34 **NEW ACCOUNTING REGULATIONS**

A number of new IFRS standards and IFRIC interpretations (IFRS 7-8, IFRIC 7-12) have been adopted and existing standards have been adjusted, which are not mandatory for Schouw & Co. in the presentation of the 2006 annual report. Schouw & Co. expects to implement these standards and interpretations as from the mandatory effective date. Such implementation is expected only to influence note disclosures, not recognition and measurement.

PARENT COMPANY INCOME STATEMENT

JANUARY 1 – DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
1	**REVENUE**	16.3	16.7
2	Cost of sales	(1.8)	(1.8)
	GROSS PROFIT	14.5	14.9
4	Other operating income	0.1	0.0
2.3	Administrative expenses	(18.7)	(16.5)
	OPERATING PROFIT	(4.1)	(1.6)
5	Profit from divestment of equity investments	339.3	0.0
7	Financial income	801.3	464.8
8	Financial expenses	(30.3)	(20.4)
	PROFIT BEFORE TAX	1,106.2	442.8
9	Tax on the profit for the year	7.9	2.2
	PROFIT FOR THE YEAR	1,114.1	445.0
	PROPOSED ALLOCATION OF PROFIT		
	Proposed dividend, DKK 6 per share (2005: DKK 3 per share)	74.8	37.4
	Retained earnings	1,039.3	407.6
		1,114.1	445.0
	RECOGNISED COMPREHENSIVE INCOME FOR THE PARENT COMPANY		
	Value adjustment of hedging instruments recognised during the year	0.9	3.0
	Tax on items taken directly to equity	0.0	(0.8)
	Net income recognised directly in equity	0.9	2.2
	Profit for the year	1,114.1	445.0
	TOTAL RECOGNISED COMPREHENSIVE INCOME	1,115.0	447.2

PARENT COMPANY BALANCE SHEET

AT DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
	ASSETS		
	NON-CURRENT ASSETS		
10	**PROPERTY, PLANT AND EQUIPMENT**		
	Land and buildings	79.6	79.3
	Plant and machinery	0.4	0.9
	Other fixtures, tools and equipment	1.6	1.8
		81.6	82.0
	OTHER NON-CURRENT ASSETS		
5	Equity investments in subsidiaries and joint ventures	1,966.3	2,134.9
6	Equity investments in associates	64.4	50.4
11	Receivables	135.0	147.0
12	Securities	1,159.0	715.8
		3,324.7	3,048.1
	TOTAL NON-CURRENT ASSETS	3,406.3	3,130.1
	CURRENT ASSETS		
11	Receivables	165.5	11.3
19	Cash and cash equivalents	0.0	0.0
	TOTAL CURRENT ASSETS	165.5	11.3
	TOTAL ASSETS	3,571.8	3,141.4

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
Note	**LIABILITIES AND EQUITY**		
13	**EQUITY**		
	Share capital	124.7	124.7
	Hedge transaction reserve	(0.1)	(0.7)
	Retained earnings	2,834.4	1,828.3
	Proposed dividend	74.8	37.4
	TOTAL EQUITY	3,033.8	1,989.7
	LIABILITIES		
	LONG-TERM LIABILITIES		
14	Deferred tax	12.5	11.4
15	Credit institutions	50.9	228.8
	Deposits	3.1	3.3
		66.5	243.5
	SHORT-TERM LIABILITIES		
15	Short-term portion of long-term debt	177.8	55.4
15	Credit institutions	220.1	827.3
16.17	Trade payables and other payables	73.6	25.5
		471.5	908.2
	TOTAL LIABILITIES	538.0	1,151.7
	TOTAL LIABILITIES AND EQUITY	3,571.8	3,141.4

18 Contingent liabilities and guarantees

21-22 Notes without reference

PARENT COMPANY CASH FLOW STATEMENT

JANUARY 1 - DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005
	PROFIT BEFORE TAX	1,106.2	442.8
	Adjustment for operating items of a non-cash nature, etc.		
2	Depreciation and impairment losses	1.2	1.0
	Other operating items, net	(340.9)	(96.5)
	Provisions	0.0	0.4
	Financial income	(801.3)	(464.8)
	Financial expenses	30.3	20.4
	Cash flow from operating activities before changes in working capital	(4.5)	(96.7)
20	Changes in working capital	1.7	78.8
	Cash flow from operating activities	(2.8)	(17.9)
	Interest income received	10.9	83.1
	Interest expenses paid	(25.7)	(19.2)
	Cash flow from ordinary activities	(17.6)	46.0
17	Joint taxation contribution received	7.8	30.0
	CASH FLOW FROM OPERATING ACTIVITIES	(9.8)	76.0
	Purchase of property, plant and equipment	(0.9)	(2.5)
	Sale of property, plant and equipment	0.2	0.0
5	Acquisition of subsidiaries	0.0	(893.6)
	Capital increase and conversion of debt into investment	(15.0)	(75.0)
6	Acquisition of associates	(9.1)	0.0
	Sale of subsidiaries	504.9	0.0
	Dividend/capital increase in subsidiaries, etc.	160.8	21.6
	Sale of securities	249.0	246.9
	CASH FLOW FROM INVESTING ACTIVITIES	889.9	(702.6)
	Debt financing		
	Repayment of long-term liabilities	(55.6)	(84.9)
	Proceeds from mortgage debt raised	0.0	29.3
	Increase (repayment) of debt to credit institutions	(798.7)	606.2
	Increase (repayment) of intra-group balances	43.3	22.5
	Repayment of debt on conversion of debt into investment	0.0	75.0
	Shareholders:		
	Dividend paid	(35.4)	(23.6)
	Employee shares	0.0	2.1
	Purchase of treasury shares	(33.7)	0.0
	CASH FLOW FROM FINANCING ACTIVITIES	(880.1)	626.6
	Cash flows for the year	0.0	0.0
	Cash and cash equivalents at January 1	0.0	0.0
	Value adjustment of cash and cash equivalents	0.0	0.0
19	**CASH AND CASH EQUIVALENTS AT DECEMBER 31**	0.0	0.0

ALL AMOUNTS IN MILLIONS OF DANISH KRONER		2006	2005
Note			
1	**REVENUE**		
	Management fee	2.3	2.6
	Sale of wind energy	0.4	0.5
	Rental income	13.6	13.6
		16.3	16.7
2	**COSTS**		
	STAFF COSTS		
	Remuneration to the Board of Directors of Schouw & Co.	1.1	0.8
	Wages and salaries	8.7	7.5
	Pensions	0.6	0.5
	Share-based payment	1.0	0.4
		11.4	9.2

For more information on salaries, pensions and share-based payment to the Management Board of Schouw & Co., see note 3 to the consolidated financial statements.

Staff costs and share-based payment are recognised under administrative expenses.

	2006	2005
Average number of employees	8	9

SHARE OPTION PROGRAM

Details of the share option plan are provided in Note 3 to the consolidated financial statements.

EMPLOYEE SHARES

In 2006, Schouw & Co. allocated 147 of its treasury shares for employee share schemes. Employee shares are granted on the basis of a performance-driven model. If the conditions are met, the employees receive a variable number of shares at no consideration equivalent to the estimated performance value. The condition was met for the 2006 financial year and employees have obtained a right to receive shares at a value of DKK 0.1 million, which amount is expensed in the income statement for 2006. The shares are held in blocked accounts until the end of the seventh calendar year following grant.

		2006	2005
	DEPRECIATION/IMPAIRMENT		
	Depreciation, property, plant and equipment	(1.2)	(1.0)
	Depreciation and impairment recognised in the income statement:		
	Production	(0.5)	(0.5)
	Administrative functions	(0.7)	(0.5)
		(1.2)	(1.0)
3	**FEES TO AUDITORS APPOINTED BY THE GENERAL MEETING**		
	Audit fees, KPMG	0.3	0.2
	Non-audit fees, KPMG	0.1	0.2
	Fees for tax- and VAT-related services, KPMG	0.2	0.1
	Fees for other services, KPMG	0.3	0.3
	TOTAL FEE, KPMG	0.9	0.8
	Audit fees, Deloitte	0.0	0.1
	Non-audit fees, Deloitte	0.0	0.0
	Fees for tax- and VAT-related services, Deloitte	0.0	0.0
	Fees for other services, Deloitte	0.0	0.0
	TOTAL FEE, DELOITTE	0.0	0.1
4	**OTHER OPERATING INCOME**		
	Profit from the sale of property, plant and equipment and intangible assets	0.1	0.0
		0.1	0.0

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

5 **INVESTMENTS IN SUBSIDIARIES/JOINT VENTURES**

	2006	2005
Cost at January 1	2,191.3	1,244.3
Dividends exceeding accumulated profit	(68.1)	(21.6)
Addition from acquisition of business	0.0	893.6
Capital contributions made during the year	65.0	75.0
Disposals during the year	(165.5)	0.0
Cost at December 31	2,022.7	2,191.3
Impairment at January 1	(56.4)	(56.4)
Impairment	0.0	0.0
Impairment at December 31	(56.4)	(56.4)
CARRYING AMOUNT AT DECEMBER 31	1,966.3	2,134.9

Elopak Denmark A/S and Elopak AB were divested in 2006 at a total price of DKK 505.0 mllion. The carrying amount was DKK 165.5 million, bringing the profit less selling expenses to DKK 339.3 million.

Company	Registered office	Ownership interest 2006	Ownership interest 2005
BioMar Holding A/S	Brande	68.82%	68.82%
DB 2001 A/S	Aarhus	100%	100%
Elopak AB	Helsingborg	0%	50%
Elopak Denmark A/S	Aarhus	0%	50%
Fibertex A/S	Aalborg	100%	100%
Martin Professional A/S	Aarhus	100%	100%
P. Grene A/S	Skjern	100%	100%
Schouw Finans A/S	Aarhus	100%	100%
Xergi A/S	Aalborg	50%	50%

6 **EQUITY INTERESTS IN ASSOCIATES**

	2006	2005
Cost at January 1	57.4	57.4
Additions	9.1	0.0
Cost at December 31	66.5	57.4
Adjustments at January 1	(7.0)	(6.9)
Impairment for the year	0.0	(0.1)
Reversal of prior-year impairment	4.9	0.0
Adjustments at December 31	(2.1)	(7.0)
CARRYING AMOUNT AT DECEMBER 31	64.4	50.4

Company	Registered office	Ownership interest 2006	Ownership interest 2005
Incuba A/S	Aarhus	49.02%	40.53%

Investments in associates are measured at cost in the parent company's balance sheet.

7 **FINANCIAL INCOME**

	2006	2005
Reversal of write-downs on investments in associates	4.9	0.0
Interest income, etc.	1.4	0.3
Interest income from subsidiaries	9.4	9.1
Foreign exchange gains	0.1	0.0
Realised capital gains on securities	31.2	116.8
Unrealised capital gains on securities	661.6	264.7
Dividends from subsidiaries	92.7	73.9
	801.3	464.8

8 **FINANCIAL EXPENSES**

	2006	2005
Write-down on investments in associates	0.0	(0.1)
Interest expenses, etc.	(26.5)	(19.2)
Interest expenses to subsidiaries	(3.2)	(0.3)
Foreign exchange losses	0.0	(0.7)
Realised capital losses on securities	(0.4)	(0.1)
Unrealised capital losses on securities	(0.2)	0.0
	(30.3)	(20.4)

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

9 **TAX ON THE PROFIT FOR THE YEAR**

	2006	2005
Tax for the year is composed as follows:		
Tax on the profit for the year	7.9	2.2
Tax on equity entries	0.0	(0.9)
	7.9	1.3
Tax on the profit for the year has been calculated as follows:		
Current tax	7.2	4.0
Deferred tax	(1.0)	(3.3)
Reduction of Danish corporate income tax from 30% to 28%	0.0	0.6
Adjustment of prior-year tax charge	1.7	0.9
	7.9	2.2
Specification of the tax on the profit for the year:		
Calculated 28% tax of the profit for the year	(309.7)	(124.0)
Reduction of Danish corporate income tax from 30% to 28%	0.0	0.6
Tax effect of:		
Non-taxable income	315.9	124.7
Prior-year tax adjustments	1.7	0.9
	7.9	2.2
EFFECTIVE TAX RATE	-0.7%	-0.5%

10 **PROPERTY, PLANT AND EQUIPMENT**

	2006			
	Land and buildings	Plant and machinery	Other fixtures, tools and equipment	Total
Cost at January 1, 2006	110.2	4.7	4.6	119.5
Additions	0.3	0.0	0.6	0.9
Disposals	0.0	0.0	(0.3)	(0.3)
Cost at December 31, 2006	110.5	4.7	4.9	120.1
Depreciation and impairment at January 1, 2006	(30.9)	(3.8)	(2.8)	(37.5)
Depreciation	0.0	(0.5)	(0.7)	(1.2)
Disposals	0.0	0.0	0.2	0.2
Depreciation and impairment at December 31, 2006	(30.9)	(4.3)	(3.3)	(38.5)
CARRYING AMOUNT AT DECEMBER 31	79.6	0.4	1.6	81.6
Depreciated over	40-50 years	10 years	3-8 years	

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

10 **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	2005				
	Land and buildings	Plant and machinery	Other fixtures, tools and equipment	Prepayments and assets under construction	Total
Cost at January 1, 2005	106.9	4.7	4.6	1.6	117.8
Additions	0.0	0.0	0.8	1.7	2.5
Transferred/reclassified	3.3	0.0	0.0	(3.3)	0.0
Disposals	0.0	0.0	(0.8)	0.0	(0.8)
Cost at December 31, 2005	110.2	4.7	4.6	0.0	119.5
Depreciation and impairment at January 1, 2005	(30.9)	(3.4)	(3.0)	0.0	(37.3)
Depreciation	0.0	(0.4)	(0.6)	0.0	(1.0)
Disposals	0.0	0.0	0.8	0.0	0.8
Depreciation and impairment at December 31, 2005	(30.9)	(3.8)	(2.8)	0.0	(37.5)
CARRYING AMOUNT AT DECEMBER 31	79.3	0.9	1.8	0.0	82.0
Depreciated over	40-50 years	10 years	3-8 years		

11 **RECEIVABLES**

	2006	2005
Receivables from subsidiaries	300.2	155.8
Income tax receivable	0.0	0.0
Other receivables	0.3	2.5
	300.5	158.3
Breakdown of receivables:		
Long-term receivables	135.0	147.0
Short-term receivables	165.5	11.3
	300.5	158.3

The company recognised no impairment charges on receivables during the financial year

For receivables falling due within one year after the end of the financial year, the nominal value is considered to correspond to the fair value.

12 **SECURITIES**

	2006	2005
Shares in Vestas Wind Systems A/S	1,158.1	714.7
Other securities	0.9	1.1
	1,159.0	715.8

At December 31, 2006, the company held 4,800,000 shares in Vestas Wind Systems recognised at a price of DKK 241.27 per share. At DKK 1,158.1 million, the fair value of the holding corresponded to the market price at December 31, 2006.

The holding is classified as a holding measured at fair value and for which value adjustments are recognised in the income statement as a financial income or a financial expense. The same method of recognition was applied for the 2005 financial year.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

13 **EQUITY**

SHARE CAPITAL

The share capital consists of 12,470,000 shares with a nominal value of DKK 10 each. All shares rank equally. The share capital has been increased once over the last five years. In 2002, bonus shares at a nominal value of DKK 2.7 million were issued to holders of class A shares concurrently with the merging of the A and B share classes.

TREASURY SHARES

	Number of shares		Nominal value		Percentage of share capital	
	2006	2005	2006	2005	2006	2005
January 1	657,053	670,381	6,570,530	6,703,810	5.27%	5.38%
Bought	120,873	0	1,208,730	0	0.97%	0.00%
Share-based payment	0	(13,328)	0	(133,280)	0.00%	-0.11%
DECEMBER 31	777,926	657,053	7,779,260	6,570,530	6.24%	5.27%

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 1,247,000 treasury shares, equal to 10.0% of the share capital. The authorisation is valid until the company's next annual general meeting, at which time a proposal will be made to renew it.

The company acquires treasury shares for allocation to the Group's employee share schemes and share option programmes.

HEDGE TRANSACTION RESERVE

The hedge transaction reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised.

	Share capital	Hedge transaction reserve	Retained earnings	Proposed dividend	Total equity
EQUITY AT JANUARY 1, 2005	124.7	(2.9)	1,416.1	24.9	1,562.8
Changes in equity, 2005					
Total recognised comprehensive income	0.0	2.2	407.6	37.4	447.2
Net share-based payment	0.0	0.0	1.3	0.0	1.3
Dividend distributed	0.0	0.0	1.3	(24.9)	(23.6)
Treasury shares sold	0.0	0.0	2.0	0.0	2.0
Changes in equity, 2005	0.0	2.2	412.2	12.5	426.9
EQUITY AT DECEMBER 31, 2005	124.7	(0.7)	1,828.3	37.4	1,989.7
Changes in equity, 2006					
Total recognised comprehensive income	0.0	0.6	1,039.6	74.8	1,115.0
Net share-based payment	0.0	0.0	(1.8)	0.0	(1.8)
Dividend distributed	0.0	0.0	2.0	(37.4)	(35.4)
Treasury shares sold	0.0	0.0	(33.7)	0.0	(33.7)
Changes in equity, 2006	0.0	0.6	1,006.1	37.4	1,044.1
EQUITY AT DECEMBER 31, 2006	124.7	(0.1)	2,834.4	74.8	3,033.8

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

14 **DEFERRED TAX**

	2006	2005
Deferred tax at January 1	11.4	8.7
Deferred tax for the year recognised in profit for the year	1.1	3.3
Effect of lowering of Danish corporate income tax from 30% to 28%	0.0	(0.6)
NET DEFERRED TAX AT DECEMBER 31	12.5	11.4
Deferred tax is recognised in the balance sheet as follows:		
Defereed tax (asset)	0.0	0.0
Deferred tax (liability)	12.5	11.4
NET DEFERRED TAX AT DECEMBER 31	12.5	11.4
Deferred tax pertains to:		
Property, plant and equipment	11.9	10.9
Other liabilities	0.6	0.5
Tax loss carry-forwards	0.0	0.0
	12.5	11.4

There are no deferred tax liabilities that have not been recognised in the balance sheet.

CHANGES IN TEMPORARY DIFFERENCES DURING THE YEAR

2006	Balance at Jan. 1	Recognised in the profit for the year	Balance at Dec. 31
Property, plant and equipment	10.9	1.0	11.9
Other liabilities	0.5	0.1	0.6
Tax losses	0.0	0.0	0.0
	11.4	1.1	12.5

2005	Balance at Jan. 1	Recognised in the profit for the year	Balance at Dec. 31
Property, plant and equipment	9.9	1.0	10.9
Other liabilities	0.6	(0.1)	0.5
Tax losses	(1.8)	1.8	0.0
	8.7	2.7	11.4

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

15 **DEBT TO CREDIT INSTITUTIONS**

	2006	2005
Debt recognised in the balance sheet:		
Credit institutions (long-term)	50.9	228.8
Short-term part of long-term liabilities	177.8	55.4
Credit institutions (short-term)	220.1	827.3
	448.8	1,111.5
Fair value	448.7	1,112.0
Nominal value	448.8	1,111.5
Long-term debt falling due more than five years after the end of the financial year (carrying amount).	40.8	42.5

The parent company had the following long-term loans and short-term credit facilities at December 31:

			Effective rate of interest		Carrying amount		Fair value	
Currency	Matures in	Fixed/ floating	2006	2005	2006	2005	2006	2005
DKK	2009	Fixed	4.8%	4.9%	11.9	25.1	11.9	25.1
DKK	2025	Floating	3.8%	4.0%	51.3	44.0	51.2	44.5
EUR	2007	Fixed	4.7%	4.7%	15.1	35.3	15.1	35.3
EUR	2021	Floating	3.6%	3.0%	150.4	179.8	150.4	179.8
Total long-term loans					228.7	284.2	228.6	284.7
Of which short-term part of long-term debt					177.8	55.4	177.8	55.4
DKK			3.5%	3.0%	20.8	818.0	20.8	818.0
Loans from subsidiaries - DKK			3.3%	2.8%	199.3	9.3	199.3	9.3
Total short-term credit facilities					220.1	827.3	220.1	827.3
Total interest-bearing debt					448.8	1,111.5	448.7	1,112.0
Weighted average effective rate of interest			3.6%	3.1%				

16 **TRADE PAYABLES AND OTHER PAYABLES**

	2006	2005
Trade payables	0.7	1.7
Debts to subsidiaries (non-interest bearing)	50.0	0.1
Income tax payable	19.6	20.8
Other payables	3.3	2.9
	73.6	25.5

17 **INCOME TAX PAYABLE**

	2006	2005
Income tax payable at January 1	20.8	(5.1)
Prior-year adjustments	(1.8)	(1.0)
Current tax for the year including jointly-taxed subsidiaries	(7.2)	(4.0)
Tax for the year recognised in equity	0.0	0.9
Joint taxation contribution received	7.8	30.0
INCOME TAX PAYABLE AT DECEMBER 31	19.6	20.8

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2006	2005

Note

18 **CONTINGENT ASSETS, CONTINGENT LIABILITIES AND GUARANTEES**

CONTINGENT LIABILITIES

The parent company is jointly and severally liable for tax on the jointly taxed income of the Group for 2003-2004.

Effective from 2005, the parent company has been a management company for the jointly-taxed Danish subsidiaries.

GUARANTEES

	2006	2005
The following assets have been provided as security to credit institutions:		
Land and buildings with a carrying amount of	79.3	79.3
Other charges	15.1	15.7

19 **CASH AND CASH EQUIVALENTS**

	2006	2005
Cash and cash equivalents at December 31 comprised:		
Cash and cash equivalents	0.0	0.0
	0.0	0.0

20 **CHANGES IN WORKING CAPITAL**

	2006	2005
Change in other receivables	2.2	81.5
Change in trade payables and other payables	(0.5)	(2.7)
	1.7	78.8

21 **FOREIGN EXCHANGE AND INTEREST RATE RISKS AND USE OF FINANCIAL DERIVATIVES**

THE PARENT COMPANY'S RISK MANAGEMENT POLICY

Due to the nature of its operations, investments and financing, the parent company is exposed to changes in exchange and interest rates. The parent company policy is not to actively conduct speculation in financial risks. Accordingly, the parent company's financial management exclusively involves the management of financial risk relating to its operations and investments.

For a description of the accounting policies and methods applied, including the recognition criteria and basis of measurement, see the relevant section under accounting policies.

CURRENCY RISK

The parent company's foreign exchange risks involve foreign subsidiaries and subsidiaries of foreign subsidiaries. Currency hedges have been set up for part of these investments.

THE PARENT COMPANY'S FOREIGN EXCHANGE RISKS RECOGNISED IN THE BALANCE SHEET AT DECEMBER 31, 2006

Currency	Receivables	Debt	Hedged by way of forward currency contracts and currency swaps [1]	Net position
EUR	0.0	(165.6)	0.0	(165.6)

THE PARENT COMPANY'S FOREIGN EXCHANGE RISKS RECOGNISED IN THE BALANCE SHEET AT DECEMBER 31, 2005

Currency	Receivables	Debt	Hedged by way of forward currency contracts and currency swaps [1]	Net position
EUR	0.0	(215.1)	0.0	(215.1)

[1] Positive principal amounts on forward currency contracts indicate a purchase of the currency in question.
Negative principal amounts indicate a sale.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

21 **FOREIGN EXCHANGE AND INTEREST RATE RISKS AND USE OF FINANCIAL DERIVATIVES (CONTINUED)**

INTEREST RATE RISK

It is parent company policy to hedge interest rate risk on the parent company's loans. Hedging normally consists of interest rate swaps that convert floating rate loans to fixed rate loans.

The following contractual revaluation and repayment structures apply to the parent company's interest-bearing financial assets and liabilities.

	Revaluation/repayment falls due in				
Category	0-1 year	1-5 years	> 5 years	Total	Effective rate of interest
Mortgage and credit institutions	(200.4)	(28.3)	0.0	(228.7)	4.4%
Credit institutions, short-term	(20.8)	0.0	0.0	(20.8)	4.2%
Loans from subsidiaries	(199.3)	0.0	0.0	(199.3)	3.3%
Interest rate swaps (principal), floating rate	0.0	0.0	0.0	0.0	0.0%
Interest rate swaps (principal), fixed rate	0.0	0.0	0.0	0.0	0.0%
Rate cap (principal)	150.5	0.0	0.0	150.5	4.4%
Rate cap (hedged)	(150.5)	0.0	0.0	(150.5)	5.0%
DECEMBER 31, 2006	(420.5)	(28.3)	0.0	(448.8)	
Mortgage and credit institutions	(107.6)	(176.6)	0.0	(284.2)	3.6%
Credit institutions, short-term	(818.0)	0.0	0.0	(818.0)	3.0%
Loans from subsidiaries	(9.3)	0.0	0.0	(9.3)	2.8%
Interest rate swaps (principal), floating rate	20.0	0.0	0.0	20.0	3.3%
Interest rate swaps (principal), fixed rate	(20.0)	0.0	0.0	(20.0)	4.9%
Rate cap (principal)	0.0	150.6	0.0	150.6	3.0%
Rate cap (hedged)	0.0	(150.6)	0.0	(150.6)	5.0%
DECEMBER 31, 2005	(934.9)	(176.6)	0.0	(1111.5)	

Effective rates of interest are calculated at the balance sheet date.

The fair value of the interest rate swap outstanding at the balance sheet date entered into to hedge an interest rate risk on floating rate loans amounts to DKK 0 million (2005: DKK (0.2) million).

22 **RELATED PARTY TRANSACTION**

Related parties are described in note 32 to the consolidated financial statements.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

Management remuneration and share option programmes are described in note 2.

SUBSIDIARIES AND ASSOCIATES

Information on trading with subsidiaries and associates is provided below:

The parent company has received a management fee of DKK 2.3 million (2005: DKK 2.6 million).

Outstanding balances with subsidiaries and associates at December 31 are specified in note 11. Parent company debt to subsidiaries at December 31 is specified in notes 15 and 16.

The parent company has received dividend of DKK 160.8 million (2005: DKK 95.4 million) from subsidiaries. No dividends were received from associates in 2006 or 2005. Of dividends received in 2006, dividends that for accounting purposes are considered repayment of acquisition amounts amounted to DKK 68.1 million (2005: DKK 21.5 million).

Except as set out above, no transactions were made during the year with members of the Board of Directors, Management Board, senior management, major shareholders or any other related parties.

MANAGEMENT'S RESPONSIBILITY STATEMENT

TO THE SHAREHOLDERS OF AKTIESELSKABET SCHOUW & CO.

The Board of Directors and the Management have today reviewed and approved the annual report of Aktieselskabet Schouw & Co. for the 2006 financial year.

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. We consider the accounting policies to be appropriate to the effect that the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at December 31, 2006 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year ended December 31, 2006.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Aarhus, March 15, 2007

MANAGEMENT

Jens Bjerg Sørensen
President

Peter Kjær

BOARD OF DIRECTORS

Jørn Ankær Thomsen
Chairman

Erling Eskildsen
Deputy Chairman

Niels Kristian Agner

Erling Lindahl

Kjeld Johannesen

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AKTIESELSKABET SCHOUW & CO.

We have audited the annual report of Aktieselskabet Schouw & Co. for the 2006 financial year, which comprises the statement by the Board of Directors and the Management on the annual report, Management's reviews, accounting policies, income statement, balance sheet, statement of recognised comprehensive, cash flow statement and notes for the Group as well as for the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

THE BOARD OF DIRECTORS' AND THE MANAGEMENT'S RESPONSIBILITY FOR THE ANNUAL REPORT

The Board of Directors and the Management 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.

AUDITORS' RESPONSIBILITY AND BASIS OF OPINION

Our responsibility is to express an opinion on 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 auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit did not result in any qualification.

OPINION

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

Aarhus, March 15, 2007

KPMG C.JESPERSEN, STATSAUTORISERET REVISIONSINTERESSENTSKAB

Claus Monfeldt
State Authorised
Public Accountant

QUARTERLY FIGURES

THE GROUP

ALL AMOUNTS IN DKK MILLION	1 ST QUARTER		2 ND QUARTER	
INCOME STATEMENT	**2006**	**2005**	**2006**	**2005**
TOTAL REVENUE	1,442.8	836.6	1,769.3	953.6
GROSS PROFIT	303.4	223.7	382.7	266.3
PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)	113.3	81.7	182.7	117.7
EBITDA ratio	7.9%	9.8%	10.3%	12.3%
Depreciation	(81.3)	(53.3)	(82.0)	(53.7)
Impairment	0.0	0.0	0.0	0.0
PROFIT BEFORE FINANCIAL ITEMS (EBIT)	32.0	28.4	100.7	64.0
EBIT ratio	2.2%	3.4%	5.7%	6.7%
Share of profit from associated companies	9.8	0.5	29.2	(1.0)
Financial items, net	248.1	138.9	(4.1)	158.0
Profit from divestments	0.0	0.0	0.0	0.0
PROFIT BEFORE TAX (EBT)	289.9	167.8	125.8	221.0
Tax for the year	(6.4)	(6.1)	(17.9)	(9.7)
PROFIT FOR THE YEAR	283.5	161.7	107.9	211.3
Cash flow from operating activities	98.0	28.6	7.2	23.1
Cash flow from investing activities	125.7	(140.1)	(205.7)	(104.8)
Cash flow from financing activities	(350.7)	38.4	228.4	101.7
BALANCE SHEET				
Intangible assets	711.7	530.5	723.1	532.7
Property, plant and equipment	2,576.5	1,555.5	2,671.7	1,624.6
Other non-current assets	1,081.3	829.5	1,138.6	928.0
Cash and cash equivalents	188.1	32.1	218.1	52.8
Other assets	2,387.1	1,490.1	2,675.3	1,598.9
TOTAL ASSETS	6,944.7	4,437.7	7,426.8	4,737.0
Equity	3,032.6	2,086.3	3,010.0	2,297.6
Interest-bearing debt	2,703.0	1,761.1	2,990.9	1,796.7
Other creditors	1,209.1	590.3	1,425.9	642.7
TOTAL LIABILITIES AND EQUITY	6,944.7	4,437.7	7,426.8	4,737.0
Schouw & Co.´s share of equity	2,591.0	1,963.6	2,606.6	2,166.8
Average number of employees	3,295	2,654	3,366	2,706

Quarterly figures are not audited.

3 RD QUARTER		4 TH QUARTER		TOTAL	
2006	2005	2006	2005	2006	2005
2,177.0	950.5	1,981.1	994.1	7,370.2	3,734.8
485.4	276.7	388.2	225.3	1,559.7	992.0
279.3	138.8	214.4	83.6	789.7	421.8
12.8%	14.6%	10.8%	8.4%	10.7%	11.3%
(80.0)	(53.4)	(70.4)	(47.7)	(313.7)	(208.1)
0.0	0.0	(4.5)	(12.1)	(4.5)	(12.1)
199.3	85.4	139.5	23.8	471.5	201.6
9.2%	9.0%	7.0%	2.4%	6.4%	5.4%
21.9	0.0	17.9	0.6	78.8	0.1
(35.7)	355.6	381.2	(342.1)	589.5	310.4
282.9	17.9	0.0	(0.3)	282.9	17.6
468.4	458.9	538.6	(318.0)	1,422.7	529.7
(45.9)	(26.2)	(37.7)	8.9	(107.9)	(33.1)
422.5	432.7	500.9	(309.1)	1,314.8	496.6
256.6	100.3	58.5	123.7	420.3	275.7
(116.7)	(21.5)	378.8	(572.5)	182.1	(838.9)
(178.5)	(75.0)	(468.8)	717.5	(769.6)	782.6
596.6	527.1	573.6	657.0	573.6	657.0
2,515.8	1,723.2	2,572.6	2,552.3	2,572.6	2,552.3
1,139.4	1,192.5	1,608.4	1,123.0	1,608.4	1,123.0
179.4	54.3	155.2	323.6	155.2	323.6
3,190.4	1,631.4	2,556.0	2,309.2	2,556.0	2,309.2
7,621.6	5,128.5	7,465.8	6,965.1	7,465.8	6,965.1
3,436.3	2,738.7	3,841.4	2,779.7	3,841.4	2,779.7
2,725.5	1,708.8	2,226.8	3,035.0	2,226.8	3,035.0
1,459.8	681.0	1,397.6	1,150.4	1,397.6	1,150.4
7,621.6	5,128.5	7,465.8	6,965.1	7,465.8	6,965.1
2,998.7	2,605.0	3,460.6	2,307.6	3,460.6	2,307.6
3,455	2,823	3,330	2,834	3,352	2,784

PORTFOLIO FIGURES

ALL AMOUNTS IN DKK MILLION	GRENE		MARTIN	
	2006	2005	2006	2005
INCOME STATEMENT				
Revenue:				
Denmark	824.3	828.4	26.0	23.8
Rest of Europe	532.7	412.3	542.5	478.8
Rest of World	5.9	5.3	458.9	452.9
TOTAL REVENUE	1,362.9	1,246.0	1,027.4	955.5
GROSS PROFIT	435.8	408.1	282.1	225.6
PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)	150.8	136.4	99.1	49.3
EBITDA ratio	11.1%	10.9%	9.6%	5.2%
Depreciation	(26.1)	(27.4)	(50.9)	(68.8)
Impairment	0.0	0.0	(3.7)	(12.1)
PROFIT BEFORE FINANCIAL ITEMS (EBIT)	124.7	109.0	44.5	(31.6)
EBIT ratio	9.1%	8.7%	4.3%	-3.3%
Share of profit from associated companies	0.0	0.0	(0.6)	0.2
Financial items, net	(11.1)	(11.1)	(24.9)	(31.1)
Profit from divestments	0.0	17.6	0.0	0.0
PROFIT BEFORE TAX (EBT)	113.6	115.5	19.0	(62.5)
Tax for the year	(32.1)	(21.0)	(5.8)	16.8
PROFIT FOR THE YEAR	81.5	94.5	13.2	(45.7)
Cash flow from operating activities	89.0	64.7	113.5	56.8
Cash flow from investing activities	(98.3)	(14.2)	(39.5)	(34.8)
Cash flow from financing activities	20.5	(46.0)	(68.5)	(19.5)
BALANCE SHEET				
Intangible assets	18.1	11.0	84.8	72.1
Property, plant and equipment	303.4	240.1	222.1	235.6
Other non-current assets	2.1	1.5	33.2	45.0
Cash and cash equivalents	15.8	4.7	18.9	13.4
Other assets	621.8	536.9	565.3	580.2
TOTAL ASSETS	961.2	794.2	924.3	946.3
Equity	369.5	364.2	219.8	215.4
Interest-bearing debt	394.0	261.2	521.4	578.7
Other creditors	197.7	168.8	183.0	152.2
TOTAL LIABILITIES AND EQUITY	961.2	794.2	924.2	946.3
Schouw & Co.´s share of equity	365.4	345.7	215.4	213.8
Capital expenditure	96.7	56.2	55.6	35.6
Average number of employees	863	851	1,068	1,060

Not all figures are audited.

FIBERTEX		BIOMAR		XERGI	
2006	2005	2006	2005	2006	2005
61.5	64.8	i.o	i.o	51.1	64.2
901.3	822.6	2,791.2	2,239.0	110.9	14.9
355.5	245.1	482.6	383.1	4.9	3.6
1,318.3	1,132.5	3,273.8	2,622.1	166.9	82.7
244.7	247.7	530.3	448.9	24.0	14.4
172.2	161.0	312.9	210.4	6.4	(1.5)
13.1%	14.2%	9.6%	8.0%	2.9%	-1.8%
(113.0)	(84.0)	(81.0)	(86.1)	(2.6)	(1.9)
0.0	0.0	0.0	0.0	0.0	0.0
59.2	77.0	231.9	124.3	3.8	(3.4)
4.5%	6.8%	7.1%	4.7%	1.7%	-4.1%
0.0	0.0	74.5	47.7	(0.1)	0.0
(26.4)	(15.4)	(21.1)	3.1	2.0	(0.4)
0.0	0.0	0.0	1.1	0.0	0.0
32.8	61.6	285.3	176.2	5.7	(3.8)
(15.5)	(18.6)	(44.7)	(9.9)	(0.7)	0.9
17.3	43.0	240.6	166.3	5.0	(2.9)
60.8	69.1	241.9	234.8	(15.1)	13.6
(236.8)	(336.1)	(119.2)	118.1	(0.7)	(1.8)
185.0	202.4	(300.2)	(308.0)	41.4	5.1
30.1	3.9	0.0	0.0	7.2	7.7
1,214.4	1,094.1	584.0	566.1	3.5	3.4
0.0	2.7	262.2	189.9	11.9	8.5
10.5	1.5	88.1	265.6	43.6	18.0
540.9	398.9	1,015.3	739.4	95.4	22.9
1,795.9	1,501.1	1,949.6	1,761.0	161.6	60.5
517.3	566.3	967.4	835.9	48.7	14.1
890.7	708.1	461.3	470.7	20.0	8.6
387.9	226.7	520.9	454.4	92.9	37.8
1,795.9	1,501.1	1,949.6	1,761.0	161.6	60.5
517.3	455.5	665.8	575.3	24.3	7.1
270.7	306.0	120.8	48.9	2.1	1.5
782	713	503	510	59	52

ADDRESSES

P. GRENE A/S
KOBBERVEJ 6
DK-6900 SKJERN
TEL. +45 96 80 85 00
TELEFAX +45 96 80 85 80
E-MAIL GRENE@GRENE.DK
WWW.GRENE.DK

MARTIN PROFESSIONAL A/S
OLOF PALMES ALLÉ 18
DK-8200 AARHUS N
TEL. +45 87 40 00 00
TELEFAX +45 87 40 00 10
E-MAIL INFO@MARTIN.DK
WWW.MARTIN.COM

FIBERTEX A/S
SVENDBORGVEJ 2
DK-9220 AALBORG ØST
TEL. +45 96 35 35 35
TELEFAX +45 98 15 85 55
E-MAIL FIBERTEX@FIBERTEX.COM
WWW.FIBERTEX.COM

BIOMAR HOLDING A/S
VÆRKMESTERGADE 25, 6
DK-8000 AARHUS C
TEL. +45 86 20 49 70
TELEFAX +45 86 14 43 88
E-MAIL INVESTOR@BIOMAR.COM
WWW.BIOMAR.COM

XERGI A/S
SOFIENDALSVEJ 7
DK-9200 AALBORG SV
TEL. +45 99 35 16 00
TELEFAX +45 99 35 16 99
E-MAIL MAIL@XERGI.COM
WWW.XERGI.COM

INCUBA A/S
CHR. FILTENBORGS PLADS 1
DK-8000 AARHUS C
TEL. +45 86 11 22 22
TELEFAX +45 86 11 33 22
E-MAIL SCHOUW@SCHOUW.DK
WWW.SCHOUW.DK

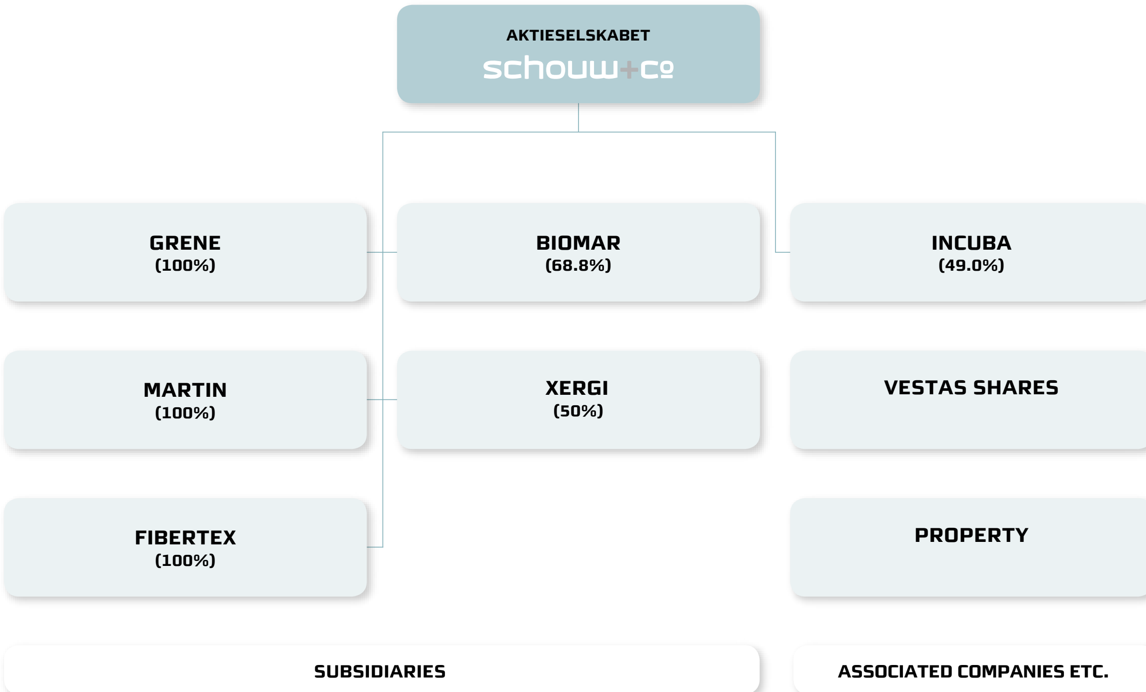
PUBLISHED IN MARCH 2007 BY: AKTIESELSKABET SCHOUW & CO.
DESIGN, PRODUCTION AND PRINT: DATAGRAF AUNING A/S
TRANSLATION: FOKUS TRANSLATIONS

GROUP OVERVIEW

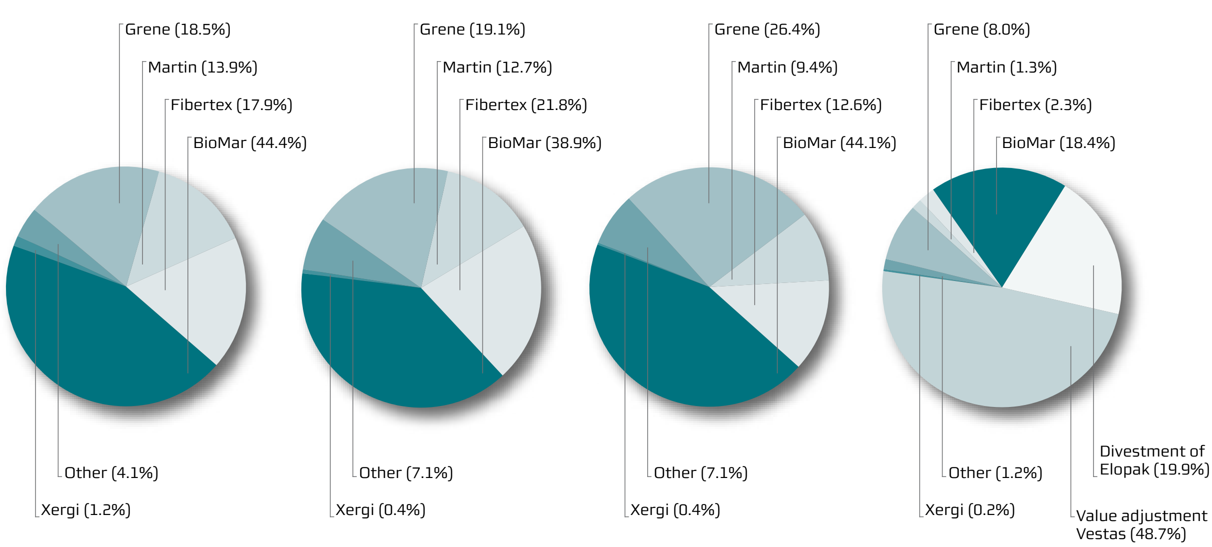
SELECTED COMPANIES AS OF DECEMBER 31, 2006

COMPANY NAME	DOMICILE	COUNTRY	OWNERSHIP
AKTIESELSKABET SCHOUW & CO.	**AARHUS**	**DENMARK**	
P. GRENE A/S	**SKJERN**	**DENMARK**	**100%**
Chr. C. Grene A/S	Skjern	Denmark	100%
Hydra-Grene A/S	Skjern	Denmark	100%
Dansk Afgratningsteknik A/S	Skjern	Denmark	33.3%
Grene Industri-service A/S	Skanderborg	Denmark	100%
Grene AB	Eslöv	Sweden	100%
Grene AS	Oslo	Norway	100%
Grene OY	Kimito	Finland	100%
Grene Sp.z o.o.	Stare Miasto	Poland	97.6%
UAB Grene Siauliai	Vilnius	Lithuania	100%
Grene Kramp Holding A/S	Skjern	Denmark	50%
Grene Kramp s.r.o.	Modřice	Czech Rep.	65%
MARTIN PROFESSIONAL A/S	**AARHUS**	**DENMARK**	**100%**
Martin Professional Scandinavia A/S	Aarhus	Denmark	100%
Martin Professional Inc.	Sunrise, FL	USA	100%
Martin Professional PLC.	Maidstone	UK	100%
Martin Professional France S.A.	Savigny Sur Orge	France	100%
Martin Professional Italy Spa	Gorle	Italy	100%
Martin Professional Pte. Ltd.	Singapore	Singapore	100%
Martin Professional GmbH	Karlsfeld	Germany	51.0%
Martin Professional (HK) Ltd.	Hong Kong	Hong Kong	46.2%
Martin Professional Japan Ltd.	Tokyo	Japan	40.0%
Martin Manufacturing (UK) Ltd.	Louth	UK	100%
Martin Manufacturing Zhuhai Ltd.	Zhuhai	China	100%
Martin Security Smoke A/S	Aarhus	Denmark	100%
Martin Security Smoke Ltd.	Northampton	UK	100%
Beacon AB	Umeaa	Sweden	24.0%
FIBERTEX A/S	**AALBORG**	**DENMARK**	**100%**
Fibertex Nonwovens Sdn. Bhd.	Nilai	Malaysia	100%
Fibertex, a.s.	Svitavy	Czech Rep.	100%
Fibertex France S.A.R.L.	Beauchamp	France	100%
Elephant Nonwovens Nao Tecidos, U.P., Lda.	Estoril	Portugal	100%
Fibertex Elephant España, S.L.	Sant Cugat del Vallés	Spain	100%
BIOMAR HOLDING A/S	**AARHUS**	**DENMARK**	**68.8%**
BioMar A/S	Brande	Denmark	100%
BioMar AS	Myre	Norway	100%
Sjøtroll Havbruk AS *)	Austevoll	Norway	37.2%
BioMar A/S Chile Holding Ltda.	Puerto Montt	Chile	100%
BioMar Chile SA	Puerto Montt	Chile	100%
BioMar S.A.S.	Nersac	France	100%
BioMar Srl	Monastier	Italy	100%
BioMar Iberia S.L.	Madrid	Spain	100%
BioMar Hellenic S.A.	Volos	Greece	100%
BioMar Ltd.	Grangemouth	UK	100%
Oy BioMar Ab	Vaasa	Finland	100%
BioMar AB	Insjön	Sweden	100%
BioMar Sp.z o.o.	Zielona Góra	Poland	100%
XERGI A/S	**AALBORG**	**DENMARK**	**50%**
Xergi, Ltd.	London	UK	100%
Xergi Services Ltd.	London	UK	80%
Danish Biogas Technology A/S	Aalborg	Denmark	100%
Xergi GmbH	Teltow	Germany	100%
Xergi Biogas B.V.	Zuldlaren	Holland	100%
INCUBA A/S	**AARHUS**	**DENMARK**	**49.0%**
IT-Huset Katrinebjerg A/S	Aarhus	Denmark	34.0%
Forskerpark Aarhus A/S	Aarhus	Denmark	22.8%
Østjysk Innovation A/S	Aarhus	Denmark	26.9%
Inventure Capital A/S	Aarhus	Denmark	13.5%
Incuba Venture I K/S	Aarhus	Denmark	32.6%

*) BioMar has agreed to buy an additional stake in Sjøtroll increasing the holding to 50,6% of the capital and 50,9% of the votes.



REVENUE 2006	EBITDA 2006	EBIT 2006	EBT 2006
DKK 7,370 MILLION	DKK 790 MILLION	DKK 471 MILLION	DKK 1,423 MILLION



"Other" includes ordinary activities from the packaging businesses.

AKTIESELSKABET SCHOUW & CO.
Chr. Filtenborgs Plads 1
DK-8000 Aarhus C
Tel. +45 86 11 22 22
Telefax +45 86 11 33 22
E-mail schouw@schouw.dk
www.schouw.dk

COMPANY REGISTRATION (CVR) NO. 63965812

CHR. FILTENBORGS PLADS 1 DK-8000 AARHUS C TEL. +45 86 11 22 22 E-MAIL SCHOUW@SCHOUW.DK WWW.SCHOUW.DK

ANNUAL REPORT 2006