

egetæpper a/s

Annual report notification 2009/10 (1 May 2009 – 30 April 2010)

CVR-nr. 38 45 42 18

ege[®]

we create more than carpets

egetæpper a/s
Industrivej Nord 25
Postbox 190
DK-7400 Herning

Tel: +45 97 11 88 11
Fax: +45 97 11 95 80

ege@ege.dk
www.egecarpet.com

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Kongelig Hofleverandør
egetæpper a/s

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Contacts:

Mr John Vestergaard, CFO
Tel: +45 97118811

Mr Svend Aage Færch Nielsen, CEO
Tel: +45 97118811

egetæpper a/s

Herning, 25 June 2010

Financial highlights for the group

DKK million	<u>2009/10</u>	<u>2008/09</u>	<u>2007/08</u>	<u>2006/07</u>	<u>2005/06</u>
Turnover	633	775	846	749	660
Result before financial items and taxation (EBIT)	18	35	74	62	45
Financial entries (net)	-6	-7	-5	-1	-3
Result before taxation	12	27	69	61	42
Profit for the year	8	21	54	42	33
Minority shareholders' part	1	2	7	3	3
Group net result	7	19	47	39	30
Total assets at end of period	465	537	519	486	439
Net working capital	120	151	200	180	137
Share capital	28	28	28	28	28
Capital and reserves at year end excl. of minority holdings	294	289	282	261	245
Number of employees	436	510	525	482	440
Investments in long-term assets	12	92	35	33	24
Depreciations	33	33	30	29	27
Net profit ratio (EBIT-margin)	3	5	9	8	7
Return on invested capital after taxation (p.a.)	2	7	17	15	13
Equity ratio	63	54	54	54	56
Share capital, nominal t.DKK	27.668	27.668	27.668	27.668	27.668
Number of A-shares of 100 DKK	33.034	33.034	33.034	33.034	33.034
Number of B-shares of 100 DKK	243.649	243.649	243.649	243.649	243.649
Number of own B-shares	14.577	14.577	14.577	8.017	0
Number of B-shares in circulation	229.072	229.072	229.072	235.632	243.649
Earnings per watered share, DKK	26	74	179	144	109
Earnings per share, DKK	26	74	179	144	109
Recommended dividend per share, DKK	10	20	40	40	30
Net asset value of share, DKK	1.122	1.103	1.076	971	885
Stock exchange price	939	745	1.990	2.100	1.540
Stock exchange price /net asset value	0,84	0,68	1.85	2,16	1,74

The key figures have been calculated according to the Danish Society of Financial Analysts' "recommendations and Key figures 2010".

Management statement

The management and the board of directors have today presented and approved the annual report for 2009/10 for egetæpper a/s and also approved the annual report notification featuring a summary of financial information for 2009/10.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as well as Danish information regulations on financial reporting for listed companies. The present annual report notification has been prepared in accordance with the accounting policies used when preparing the annual report as well as additional information regulations for listed companies.

We consider the used accounting policies as being appropriate, and the complete presentation of the annual report notification as being adequate.

Further we find that the management report gives a true and fair view of the development of the group, its activities, financial state, the year result and the company's financial position and the financial position as a whole for the companies included in the group accounts, as well as a description of the major risks and elements of uncertainty.

Herning, 25 June 2010

Management :

John Vestergaard
CFO

Svend Aage Færch Nielsen
CEO

Board of directors:

Palle Svejstrup
Chairman

Frank Uhrenholt
Deputy chairman

Egon Damgaard

Ebbe Malte Iversen

Peder Fisker Knudsen

Christian Ebsen
Staff representative

Jens Højriis Jensen
Staff representative

Management report

Major events during the year

No major events during the year.

Accounting policies

The annual report for egetæpper a/s is prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by EU and additional Danish information regulations on financial reporting for listed companies, cf. NASDAQ OMX Copenhagen's information regulations relating to the preparation of the annual accounts and the IFRS statutory order issued in compliance with the Danish Financial Statement Act. In addition, the annual report meets the International Financial Reporting Standards (IFRS) issued by IASB.

Apart from what is mentioned below the accounting policies used are consistent with the ones used last year.

Following the IASB dates of commencement egetæpper has implemented new and updated standards and interpretations. The implementation has not affected recognition and measurement. IAS 1 changes the presentation of the main statements and certain disclosures. IFRS 8 impacts the group's information about segments.

The annual report is prepared in Danish kroner.

Accounting report

Group

Turnover

The group turnover amounts to 633 DKK million, which is a fall of 142 DKK million or 18% compared to last year.

Other operating income

Other operating income amounts to 2.3 DKK million against 2.8 DKK million last year.

Costs

Other external costs amounts to 117 DKK million against 133 DKK million last year, and staff costs amount to 185 DKK million against 219 DKK million last year. The decline is caused by a lower activity level in general. The average number of employees has been reduced by 74 to 436 in 2009/10.

Depreciations amount to 33 DKK million, which is the same as last year.

Financial entries

Financial entries amount to -6 DKK million against -8 DKK million last year.

Profit for the year

The result before taxation amounts to 12.4 DKK million against 26.8 DKK million last year - a fall of 14.4 DKK million. The fall in earnings compared to last year is primarily caused by the continuing low activity level within the building industry in Europe, due to the financial crisis.

After taxation of the year result (4.3 DKK million against 5.5 DKK million last year) the net group result amounts to 8.1 DKK million against 21.4 DKK million last year.

Capital and reserves

The capital and reserves of the group exclusive of minority holdings amount to 294 DKK million against 289 DKK million last year. The equity ratio is 63% against 54% last year.

Interest-bearing net liabilities

Interest-bearing net liabilities fell by 52 DKK million compared to last year, i.a. due to an increased focusing on reducing the working capital.

Cash flow statement

Cash flow from activities amounts to 69 DKK million against 87 DKK million last year.

Cash flow for investments amounts to -11 DKK million against -93 DKK million last year.

Cash flow from financing amounts to -64 DKK million against 18 DKK million last year.

Dividend paid this accounting year amounts to 5 DKK million.

Changes in cash and cash equivalents amount to -4 DKK million, so cash and cash equivalents make out 20 DKK million at the end of the year.

Subsequent events

On 1 May 2010 egetæpper took over 51% of the shares in Bentzon Carpets ApS. This block of shares (51%) were acquired at book value plus an additional charge of 19 DKK million for these shares. The price for the shares, which is expected to amount to 50 DKK million, is paid in cash. The remaining 49% of the company's shares will be acquired by egetæpper at book value no later than 1 May 2020.

The acquisition is the first step in a generational handover of Bentzon Carpets. The three present shareholders continue as directors and minority shareholders of the company.

Apart from that no events of essential significance for the group accounts for 2009/10 have taken place after year-end closure.

Prospects

Prospects for 2010/11:

The financial crises still has an impact on most of our markets. The activity level within the building industry is still exceptionally low in almost all European countries. Therefore we envisage yet another challenging year for egetæpper with pressure on turnover and earnings in 2010/11. The adjustments we have made during the last 18 months along with a continuing focusing on product development and strengthening of our sales organisation form a good basis for the financial year ahead, though.

For the whole accounting year we expect a turnover of 700 - 800 DKK million and a result before taxation between 10 and 20 DKK million before taxation. We want to stress that it is still very difficult to predict how the market situation will develop over the next year.

The acquisition of 51% of Bentzon Carpets ApS as of 1 May 2010 is not expected to affect the group result before taxation in the first accounting year after the acquisition, due to adjustments for revaluation in connection with the takeover as well as internal profit on stocks.

Investments in 2010/11 are expected to be 10-20 DKK million.

Decisions made by the Board and proposals for the Annual General Meeting

1)

The Board of directors recommends that dividend is fixed at 10% (10 DKK per share) or 2.8 DKK million.

2)

The Board of directors further recommends to the Annual General Meeting that authority is given to acquire further own shares up to nominal 1,500,000 DKK at current market price +/- 10%. The authority is desired for the period until next year's ordinary general meeting.

The Annual General Meeting to be held on Monday 30 August 2010.

Proposals for the Annual General Meeting must be submitted in writing to the Board of directors no later than 6 weeks before the annual general meeting, i.e. 19 July 2010.

The printed annual report

The printed annual report is expected to be available mid August 2010 (week 33).

The printed annual report may be requested at the company office in Herning. Besides, the annual report is available on the company's website (egecarpet.com) and on the website of NASDAQ OMX Copenhagen.

Profit and loss account 1 May - 30 April

Parent company			Group	
2008/09	2009/10	t.DKK	2009/10	2008/09
664.599	532.027	Turnover	633.210	775.226
-3.190	-27.005	Change in stock of finished goods, work in progress and commercial	-26.388	-3.965
2.364	1.861	Other operating income	2.263	2.775
-360.911	-250.707	Costs for raw materials, auxiliaries and commercial goods	-255.869	-353.889
-94.027	-84.464	Other external costs	-116.990	-132.990
208.835	171.712	Gross profit	236.226	287.157
-173.775	-144.665	Staff Costs	-184.953	-218.671
-30.856	-30.804	Depreciations	-32.723	-32.864
-201	0	Other operating costs	-87	-379
		Profit before financial entries and taxation	18.463	35.243
4.003	-3.757	Financial entries	278	441
26.337	13.040	Financial costs	-6.365	-8.840
-8.499	-8.997	Profit before taxation	12.376	26.844
21.841	286	Tax on profit for the year	-4.258	-5.471
2.937	3.074	Profit for the year	8.118	21.373
24.778	3.360			
		Divided into:		
		Shareholders of egetæpper a/s	6.913	19.350
		Minority shareholders	1.205	2.023
			8.118	21.373

which the Board of Directors
recommends be allocated as follows:

661	330	Dividend, A-shares		
4.873	2.437	Dividend, B-shares		
19.244	593	Transferred to accumulated result		
24.778	3.360			
		Earnings per watered share, DKK (EPS-D)	26	74
		Earnings per share, DKK (EPS)	26	74

Comprehensive income statement 1 May 2009 - 30 April 2010

Parent company			Group	
2008/09	2009/10	t.DKK	2009/10	2008/09
0	0	Exchange rate adjustment of foreign subsidiaries	2.911	-1.785
0	0	Tax on other comprehensive income	0	0
0	0	Other comprehensive income after tax	2.911	-1.785
24.778	3.360	Profit for the year	8.118	21.373
<u>24.778</u>	<u>3.360</u>	Total recognised comprehensive income	<u>11.029</u>	<u>19.588</u>
Divided between				
		Shareholders of egetæpper a/s	9.824	17.565
		Minority shareholders	<u>1.205</u>	<u>2.023</u>
			<u>11.029</u>	<u>19.588</u>

Balance sheet 30 April

Parent company			Group	
30/4 2009	30/4 2010	t.DKK	30/4 2010	30/4 2009
ASSETS				
Long-term assets				
Intangible assets				
1.518	686	Development costs	686	1.518
Tangible fixed assets				
119.138	142.244	Land and buildings	142.244	119.138
77.753	61.708	Technical equipment and machinery	61.708	77.753
9.656	8.856	Operating equipment and fixtures	13.028	15.517
41.993	16.424	Tangible assets in course of construction as well as prepayments	16.424	41.993
248.540	229.232		233.404	254.401
Other long-term assets				
21.929	26.219	Participating investments in subsidiaries	-	-
21.929	26.219			
271.987	256.137	Total long-term assets	234.090	255.919
Short-term assets				
150.958	114.242	Stocks	117.521	153.620
84.364	87.156	Debtors	94.251	103.788
12.889	6.758	Cash at bank and in hand	19.621	24.064
248.211	208.156	Total short-term assets	231.393	281.472
520.198	464.293	TOTAL ASSETS	465.483	537.391

Balance sheet 30 April

Parent company			Group	
30/4 2009	30/4 2010	t.DKK	30/4 2010	30/4 2009
		LIABILITIES		
		Capital and reserves		
27.668	27.668	Share capital	27.668	27.668
		Reserve for exchange rate adjustments	975	-1.936
237.224	238.108	Accumulated result	262.147	257.709
5.534	2.767	Recommended dividend	2.767	5.534
270.426	268.543		293.557	288.975
		Minority shareholders' part	4.780	5.573
270.426	268.543	Total capital and reserves	298.337	294.548
		Liabilities		
		Long-term liabilities		
19.713	19.271	Deferred taxation	19.308	19.765
35.259	23.891	Credit institutions	23.891	35.259
54.972	43.162		43.199	55.024
		Short-term liabilities		
		Portion of long-term liabilities		
17.323	12.854	due within 1 year	12.854	17.323
28.474	37.281	Trade creditors	41.612	32.872
43.918	51.092	Amount owed to subsidiaries	-	-
52.656	16.248	Bank debts	17.980	58.634
0	0	Company tax	1.385	5.547
52.429	35.113	Other amounts owed	50.116	73.443
194.800	152.588		123.947	187.819
249.772	195.750	Total creditors	167.146	242.843
520.198	464.293	TOTAL LIABILITIES	465.483	537.391

Cash Flow statement

1 May - 30 April

Parent company			Group	
2008/09	2009/10	t.DKK	2009/10	2008/09
666.938	533.637	Turnover and other operating income	635.222	777.976
-662.901	-537.645	Operating costs	-614.169	-744.312
30.856	30.804	Depreciations	32.723	32.864
35.228	35.868	Change in working capital	31.049	48.993
70.121	62.664	Cash flow from activities before financial items	84.825	115.521
158	88	Interest receipts or similar	278	441
-8.470	-9.023	Interest payments or similar	-6.728	-8.504
61.809	53.729	Cash flow from ordinary activities	78.375	107.458
-10.423	-647	Corporation tax paid	-8.877	-20.322
<u>51.386</u>	<u>53.082</u>	Cash flows from operating activities	<u>69.498</u>	<u>87.136</u>
-235	-43	Acquisition of intangible assets	-43	-235
-88.688	-11.180	Acquisition of tangible assets	-11.518	-92.228
225	810	Sale of tangible assets	989	405
-2.000	-4.290	Conversion of debt of subsidiary company into subscribed capital	0	0
-1.152	0	Acquisition of minority holding in subsidiary	0	-1.152
<u>-91.850</u>	<u>-14.703</u>	Cash flows to investment activities	<u>-10.572</u>	<u>-93.210</u>
21.240	-11.368	Change in long-term liabilities	-11.368	21.240
11.972	-40.877	Change in operating credits	-45.123	14.027
-10.484	-5.243	Dividend paid	-5.243	-10.484
0	0	Acquisition of own shares	0	0
26.179	12.952	Dividend from subsidiaries	-	-
-	-	Dividend paid to minority shareholders	-1.998	-6.958
<u>48.907</u>	<u>-44.536</u>	Cash flows from financing activities	<u>-63.732</u>	<u>17.825</u>
8.443	-6.157	Cash flow of the year	-4.806	11.751
4.475	12.889	Cash and cash equivalents at beginning of period	24.064	12.649
-29	26	Exchange rate adjustment of cash and cash equivalents	363	-336
<u>12.889</u>	<u>6.758</u>	Cash and cash equivalents at end of period	<u>19.621</u>	<u>24.064</u>

Statement of capital and reserves at 30 April 2010

	Group						
	Share capital	Reserve for exchange rate adjustment	Accumulated profit	Recommended dividend	Total	Minority shareholders	Total capital and reserves
t.DKK							
Capital and reserves at 1 May 2009	27.668	-1.936	257.709	5.534	288.975	5.573	294.548
Transactions in cap.& res. in 2009/10							
Exchange rate adjustment of foreign subsidiary companies	0	2.911	0	0	2.911	0	2.911
Net profits recognized directly on capital and reserves	0	2.911	0	0	2.911	0	2.911
Profit for the year	0	0	4.146	2.767	6.913	1.205	8.118
Total consolidated income	0	2.911	4.146	2.767	9.824	1.205	11.029
Dividend paid	0	0	0	-5.534	-5.534	-1.998	-7.532
Dividend on own shares	0	0	292	0	292	0	292
Transactions in cap. & res. 2009/10	0	2.911	4.438	-2.767	4.582	-793	3.789
Total cap. & res. at 30 April 2010	<u>27.668</u>	<u>975</u>	<u>262.147</u>	<u>2.767</u>	<u>293.557</u>	<u>4.780</u>	<u>298.337</u>

Statement of capital and reserves at 30 April 2009

t.DKK	Group						Total capital and reserves
	Share capital	Reserve for exchange rate adjustment	Accumulated profit	Recommended dividend	Total	Minority shareholders	
Capital and reserves at 1 May 2008	27.668	-151	243.310	11.067	281.894	11.660	293.554
Transactions in cap & res. 2008/09							
Acquisition of minority holding	0	0	0	0	0	-1.152	-1.152
Exchange rate adjustment of foreign subsidiary companies	0	-1.785	0	0	-1.785	0	-1.785
Net profits recognized directly on capital and reserves	0	-1.785	0	0	-1.785	-1.152	-2.937
Profit for the year	0	0	13.816	5.534	19.350	2.023	21.373
Total income	0	-1.785	13.816	5.534	17.565	871	18.436
Dividend paid	0	0	0	-11.067	-11.067	-6.958	-18.025
Dividend on own shares	0	0	583	0	583	0	583
Total transactions in cap.& res. 08/09	0	-1.785	14.399	-5.533	7.081	-6.087	994
Total capital & reserves at 30 April 2009	27.668	-1.936	257.709	5.534	288.975	5.573	294.548

Statement of capital and reserves

Parent company

30 April 2010

t.DKK	Share capital	Accumulated profit	Recommended dividend	Total capital and reserves
Capital and reserves at 1 May 2009	<u>27.668</u>	<u>237.224</u>	<u>5.534</u>	<u>270.426</u>
Transactions in cap. & res. in 2009/10				
Profit for the year	<u>0</u>	<u>593</u>	<u>2.767</u>	<u>3.360</u>
Total income	<u>0</u>	<u>593</u>	<u>2.767</u>	<u>3.360</u>
Dividend paid	<u>0</u>	<u>0</u>	<u>-5.534</u>	<u>-5.534</u>
Dividend on own shares	<u>0</u>	<u>291</u>	<u>0</u>	<u>291</u>
Total transactions in capital & reserves 2009/10	<u>0</u>	<u>884</u>	<u>-2.767</u>	<u>-1.883</u>
Total capital and res. at 30 April 2010	<u><u>27.668</u></u>	<u><u>238.108</u></u>	<u><u>2.767</u></u>	<u><u>268.543</u></u>

30 April 2009

t.DKK	Share capital	Accumulated profit	Recommended dividend	Total capital and reserves
Capital and reserves at 1 May 2008	<u>27.668</u>	<u>217.397</u>	<u>11.067</u>	<u>256.132</u>
Transactions in cap. & res. in 2008/09				
Profit for the year	<u>0</u>	<u>19.244</u>	<u>5.534</u>	<u>24.778</u>
Total income	<u>0</u>	<u>19.244</u>	<u>5.534</u>	<u>24.778</u>
Dividend paid	<u>0</u>	<u>0</u>	<u>-11.067</u>	<u>-11.067</u>
Dividend on own shares	<u>0</u>	<u>583</u>	<u>0</u>	<u>583</u>
Total transactions in capital & reserves 2008/09	<u>0</u>	<u>19.827</u>	<u>-5.533</u>	<u>14.294</u>
Total capital & res. at 30 April 2009	<u><u>27.668</u></u>	<u><u>237.224</u></u>	<u><u>5.534</u></u>	<u><u>270.426</u></u>

Notes without reference

As per 1 May 2009 egetæpper a/s implemented IFRS 8 "Operating segments".

The segmentation is prepared on the basis of the group's internal management reporting and is based on the individual market (operating segment). Consolidation to reportable segments is based on differences in sales channels.

The segment "Direct sale" includes sale achieved by egetæpper's Danish sales organisation as well as foreign subsidiaries and sales offices.

The segment "Indirect sale" is defined as sale via commercial agents or sale to importers/distributors abroad.

As segmental result we use the internal phrase "marketing contribution". This is defined as external revenue with deduction of direct wages and material used for production as well as costs, which are directly referable to the individual markets.

Segmental information	Direct	Indirect	Total
2009/10	sale	sale	reportable segments
External revenue	514.025	119.185	633.210
Market contribution	108.648	35.147	143.795
Assets	89.840	15.422	105.262
2008/09	Direct	Indirect	Total
2008/09	sale	sale	reportable segments
External revenue	644.545	130.681	775.226
Market contribution	132.196	39.172	171.368
Assets	108.272	10.137	118.409
Reconciliation of result for the period before tax		2009/10	2008/09
Segmental result for reportable segments		143.795	171.368
Unallocated depreciations		-30.684	-30.735
Unallocated financial costs		-7.442	-6.922
Unallocated costs		-93.293	-106.867
Result for the period, cf. income statement		<u>12.376</u>	<u>26.844</u>
Reconciliation of assets		2009/10	2008/09
Assets for reportable segments		105.262	118.409
Unallocated stock		114.242	150.958
Unallocated cash and cash equivalents		6.758	12.890
Unallocated tangible fixed assets		<u>239.221</u>	<u>255.134</u>
Assets, cf. balance sheet		<u>465.483</u>	<u>537.391</u>