

egetæpper a/s

ANNUAL REPORT 2007/2008

egetæpper a/s

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Registration No.

38 45 42 18

Board of Directors

Director Palle Svejstrup (chairman)

Director Egon Damgaard

Director Frank Uhrenholt

Director Peder Fisker Knudsen

Electrician Jens Højriis Jensen

Department manager Christian Ebsen

Management

Managing director Svend Aage Færch Nielsen

Director John Vestergaard

Auditors

KPMG C. Jespersen Statsautoriseret Revisionsinteressentskab

Niels J. Jørgensen, State authorized public accountant

Jes Lauritzen, State authorized public accountant

Solicitors

DAHL, Herning

Bankers

Danske Bank

Handelsbanken

Annual Report 2007/2008

Today the Board of Directors has adopted the annual report for 2007/08 and to this effect forward the following annual report notification.

Please turn possible applications in connection with the statement to our managing director, Mr. Svend Aage Færch Nielsen or our financial director, Mr. John Vestergaard.

Herning, 24th June, 2008

egetæpper a/s



Palle Svejstrup
Chairman of the Board

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Financial highlights for the group

DKK million	2003/04	2004/05	2005/06	2006/07	2007/08
Turnover	565	558	660	749	846
Result before financial items and taxation (EBIT)	14	31	45	62	74
Financial entries (net)	-5	-3	-3	-1	-5
Result before taxation	9	27	42	61	69
Profit for the year	5	20	33	42	54
Minority shareholders' part	2	2	3	3	7
Group net result	3	18	30	39	47
Dividend paid	-4	-4	-5	-8	-11
Total assets end of period	441	424	439	486	519
Share capital	33	31	28	28	28
Capital and reserves at year end exclusive of minority holdings	231	238	245	261	282
Number of employees	442	433	440	482	525
Investments in long-term assets	18	16	24	33	35
Depreciations	28	29	27	29	30
Net profit ratio (EBIT margin)	2	6	7	8	9
Return on invested capital after taxation (p.a.)	2	8	13	15	17
Equity ratio	52	56	56	54	54
Share capital, nominal t.DKK	33,034	30,690	27,668	27,688	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	297,308	273,871	243,649	243,649	243,649
Number of own B-shares	23,437	9,330	0	8,017	14,577
Number of B-shares in circulation	273,871	264,541	243,649	235,632	229,072
Earnings per watered share, DKK	11	58	109	144	179
Earnings per share, DKK	11	58	109	144	179
Recommended dividend per share, DKK	12	18	30	40	40
Net asset value of share, DKK	753	800	885	971	1,076
Stock exchange price	424	840	1,540	2,100	1,990
Stock exchange price /net asset value	0.56	1.05	1.74	2.16	1.85

The key figures have been calculated according to the Danish Society of Financial Analysts' "Recommendations and Key figures 2005".

Comments on the annual report and group accounts for 2007/08

Major events during the year

No major events during the year.

Accounting policies

The financial statement of egetæpper a/s has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU as well as additional Danish information regulations on financial reporting for listed companies, cf. the information rules for listed companies laid down by the Copenhagen Stock Exchange and the IFRS-publication pursuant to the Annual Accounts Act.

Moreover, the annual report complies with the International Financial Reporting Standards (IFRS) issued by IASB.

In the financial statement the same accounting policies have been applied as last year.

Accounting report

Group

Turnover

The group turnover amounts to 846 DKK million which is an increase of 97 DKK million or 13% compared to last year.

Other operating income

Other operating income of 12.4 DKK million is this year positively influenced by a one-time income of 8 DKK million from sale of business premises.

Costs

Other external costs amount to 145 DKK million against 134 DKK million last year, and staff costs amount to 225 DKK million against 196 DKK million last year. The increases are due to a higher activity level.

Depreciations amount to 30 DKK million - same level as last year.

Financial entries

Financial entries amount to -5 DKK million against -2 DKK million last year.

Profit for the year

The result before taxation amounts to 69.2 DKK million against 60.6 DKK million last year - an increase of 14%.

The result before taxation is a little lower than expected at the beginning of the year, saying a result of 75 DKK million. A stagnant development in turnover in the last quarter along with increasing costs has caused lower earnings than expected. The result is influenced by a one-time income of 8 DKK million by sale of business premises.

After taxation of the year result - 14.8 DKK million against 18.0 DKK million last year - the net group result is a profit of 54.4 DKK million against 42.6 DKK million last year. A reduction in rate of company tax from 28% to 25% provided a tax income of 4.2 DKK million.

Capital and reserves

The capital and reserves of the group exclusive of minority holdings amount to 282 DKK million against 261 DKK million last year. The equity ratio is 54% - the same as last year.

Cash flow statement

Cash flow from activities amounts to 54 DKK million against 31 DKK million last year.

Cash flow for investments amounts to -24 DKK million against -32 DKK million last year.

Cash flow from financing amounts to -31 DKK million against -3 DKK million last year. This year dividend paid amounts to 11 DKK million and acquisition of own shares amounts to 16 DKK million.

Changes in cash and cash equivalents amount to -2 DKK million and thus make out 12.6 DKK million at year end.

Subsequent events

No events after year-end closure of essential significance for the group accounts for 2007/08.

Prospects

Prospects for 2008/09

The present economic situation with financial turmoil has a negative effect on activities on more of our main markets, i.a. England where a falling £-value means falling earnings. With this in mind we expect a stagnant development in turnover in the first half of the accounting year but then again a moderate growth in the second half year. By then the impact of a number of sales promoting activities initiated during the last year are expected to show.

For the whole accounting year we expect a turnover of 800-900 DKK million, and a result before taxation of 50-60 DKK million.

Investments during the coming year are expected to be approx. 100 DKK million and include i.a. the construction of a new, automated tufting section in Herning as well as new stock facilities in Gram, totalling 9,000 m².

Long-term objectives

In the annual report for 2006/07 we described the company strategy for the coming years, outlining the following economic objectives:

- An annual increase of turnover of 10%.
- An increase of profit before taxation from the present 8% to 10% of the turnover.
- Securing the present equity ratio of approx. 50%.

The present economic situation does not change these objectives but postpones them one year so far. During the next years we will still focus on sale, marketing and product development on our main markets.

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

1)

The Board of directors recommends that dividend is fixed at 40% (40 DKK per share) or 11.1 DKK million.

2)

The Board of directors further recommends to the Annual General Meeting that authority is given to acquire further own shares at current market price +/- 10%, in order that the holding of the company can be brought up to the maximum of the law of 10% of the share capital. The authority is wanted for the time span until next year's ordinary general meeting.

The Annual General Meeting to be held on Wednesday 27th August, 2008.

The printed annual report

The printed annual report is expected to be available mid August 2008.

Enclosure

Profit and loss account 1 May - 30 April

Parent company			Group	
2006/07	2007/08	€ DKK	2007/08	2006/07
657,959	734,395	Turnover	846,095	749,149
25,625	17,906	Change in stock of finished goods, work in progress and commercial goods	16,833	26,212
2,642	2,558	Other operating income	12,367	2,802
-363,358	-408,836	Costs for raw materials, auxiliaries and commercial goods	-400,715	-357,210
-102,409	-108,892	Other external costs	-145,316	-133,903
220,459	237,131	Gross profit	329,264	287,050
-158,416	-178,705	Staff costs	-224,875	-196,008
-27,394	-28,668	Depreciations	-30,405	-28,778
-64	-186	Other operating costs	-197	-128
34,585	29,572	Profit before financial entries and taxation	73,787	62,136
12,284	18,725	Financial entries, net	570	1,056
-4,227	-5,967	Financial costs	-5,180	-2,580
42,642	42,330	Profit before taxation	69,177	60,612
-9,179	-2,405	Tax on profit for the year	-14,752	-18,049
33,463	39,925	Profit for the year	54,425	42,563
		Divided into		
		Shareholders of egetæpper a/s	47,445	39,195
		Minority shareholders	6,980	3,368
			54,425	42,563
		which the Board of Directors recommends to be allocated as follows		
1,321	1,321	Dividend A-shares		
9,746	9,746	Dividend B-shares		
22,396	28,858	Transferred to accumulated result		
33,463	39,925			
		Earnings per watered share, DKK (EPS-D)	179	144
		Earnings per share, DKK (EPS)	179	144

Enclosure

Balance sheet at 30 April

Parent company			Group	
30/4	30/4		30/4	30/4
2007	2008	t.DKK	2008	2007
		ASSETS		
		Long-term assets		
		Intangible assets		
2,949	2,158	Development costs	2,158	2,949
		Tangible fixed assets		
69,458	69,443	Land and buildings	69,443	71,307
105,381	86,954	Technical equipment and machinery	86,954	105,381
7,137	8,166	Operating equipment and fixtures	12,907	10,951
4,466	25,469	Tangible assets in course of construction as well as prepayments	25,469	4,466
186,442	190,032		197,773	192,105
		Other long-term assets		
18,777	18,777	Participating investments in subsidiaries	-	-
18,777	18,777		-	-
208,168	210,967	Total long-term assets	196,931	195,054
		Short-term assets		
139,269	157,240	Stocks	160,677	143,780
115,323	115,137	Debtors	148,658	132,915
5,247	4,475	Cash at bank and in hand	12,649	14,280
259,839	276,852	Total short-term assets	321,984	290,975
468,007	487,819	TOTAL ASSETS	518,915	486,029

Enclosure

Balance sheet at 30 April

Parent company			Group	
30/4 2007	30/4 2008	t.DKK	30/4 2008	30/4 2007
		LIABILITIES		
		Capital and reserves		
27,668	27,668	Share capital	27,668	27,668
0	0	Reserve for hedging instruments	0	0
-	-	Reserve for exchange rate adjustments	-151	-86
203,948	217,397	Accumulated result	243,310	222,341
11,067	11,067	Recommended dividend	11,067	11,067
242,683	256,132		281,894	260,990
-	-	Minority shareholders' part	11,660	8,012
242,683	256,132	Total capital and reserves	293,554	269,002
		Liabilities		
		Long-term liabilities		
26,739	22,377	Deferred taxation	22,466	27,357
24,908	14,019	Credit institutions	14,019	24,908
51,647	36,396		36,485	52,265
		Short-term liabilities		
		Portion of long-term liabilities		
9,773	11,067	due within 1 year	11,067	9,773
36,996	40,576	Trade creditors	45,002	41,856
43,706	45,744	Amounts owed to subsidiaries	-	-
36,995	46,940	Bank debts	50,863	42,892
10,524	9,925	Company tax	7,697	15,175
35,683	41,039	Other amounts owed	64,247	55,066
173,677	195,291		188,876	164,762
225,324	231,687	Total creditors	225,361	217,027
468,007	487,819	TOTAL LIABILITIES	518,915	486,029



Musée Réattu, Arles – design Christian Lacroix

Enclosure

Cash flow statement 1 May - 30 April

Parent company			Group	
2006/07	2007/08	t.DKK	2007/08	2006/07
659,879	736,641	Turnover and other operating income	849,779	751,100
-626,021	-707,382	Operating costs	-784,587	-689,934
27,394	28,668	Depreciations	30,405	28,778
-38,315	-6,811	Change in working capital	-21,778	-42,597
22,937	51,116	Cash flow from activities before financial items	73,819	47,347
363	191	Interest receipts or similar	570	543
-4,227	-5,630	Interest payments or similar	-3,584	-2,580
19,073	45,677	Cash flow from ordinary activities	70,805	45,310
-6,279	-7,366	Corporation tax paid	-17,120	-14,162
12,794	38,311	Cash flows from operating activities	53,685	31,148
-473	-224	Acquisition of intangible assets	-224	-473
-30,414	-31,753	Acquisition of tangible assets	-34,973	-33,214
1,037	823	Sale of tangible assets	11,444	1,742
-29,850	-31,154	Cash flows to investment activities	-23,753	-31,945
-16,161	-10,889	Change in long-term liabilities	-10,889	-16,161
36,760	11,239	Change in operating credits	9,265	39,119
-8,300	-10,706	Dividend paid	-10,706	-8,300
-14,803	-15,770	Acquisition of own shares	-15,770	-14,803
14,070	18,534	Dividend from subsidiaries	-	-
-	-	Dividend paid to minority shareholders	-3,332	-2,597
11,566	-7,592	Cash flows from financing activities	-31,432	-2,742
-5,490	-435	Cash flow of the year	-1,500	-3,539
10,300	5,247	Cash and cash equivalent at 1 May 2007	14,280	17,306
437	-337	Value adjustment of cash and cash equivalents	-131	513
5,247	4,475	Cash and cash equivalents at 30 April 2008	12,649	14,280

Statement of capital and reserves at 30 April 2008

Group	Share capital	Reserve for hedging instruments	Reserve for exchange rate adjustments	Accumulated profit	Recommended dividend	Total	Minority shareholders	Total capital and reserves
t.DKK								
Capital and reserves 1 May 2007	27,668	0	-86	222,341	11,067	260,990	8,012	269,002
Transactions in capital and reserves 2007/08								
Value adjustment of foreign subsidiaries	0	0	-65	0	0	-65	0	-65
Net profits recognized directly on capital and reserves	0	0	-65	0	0	-65	0	-65
Profit for the year	0	0	0	36,378	11,067	47,445	6,980	54,425
Total income	0	0	-65	36,378	11,067	47,380	6,980	54,360
Dividend paid	0	0	0	0	-11,067	-11,067	-3332	-14,399
Dividend on own shares	0	0	0	361	0	361	0	361
Acquisition of own shares	0	0	0	-15,770	0	-15,770	0	-15,770
Total transactions in capital and reserves 2007/08	0	0	-65	20,969	0	20,904	3,648	24,552
Total capital and reserves 30 April 2008	27,668	0	-151	243,310	11,067	281,894	11,660	293,554

Enclosure

Statement of capital and reserves at 30 April 2007

Group	Share capital	Reserve for hedging instruments	Reserve for exchange rate adjustments	Accumulated profit	Recommended dividend	Total	Minority shareholders	Total capital and reserves
t.DKK								
Capital and reserves 1 May 2006	27,668	0	26	209,016	8,300	245,010	7,241	252,251
Transactions in capital and reserves 2006/07								
Value adjustment of foreign subsidiaries	0	0	-112	0	0	-112	0	-112
Net profits recognized directly on capital and reserves	0	0	-112	0	0	-112	0	-112
Profit for the year	0	0	0	28,128	11,067	39,195	3,368	42,563
Total income	0	0	-112	28,128	11,067	39,083	3,368	42,451
Dividend paid	0	0	0	0	-8,300	-8,300	-2,597	-10,897
Acquisition of own shares	0	0	0	-14,803	0	-14,803	0	-14,803
Total transactions in capital and reserves 2006/07	0	0	-112	13,325	2,767	15,980	771	16,751
Total capital and reserves 30 April 2007	27,668	0	-86	222,341	11,067	260,990	8,012	269,002

Enclosure

Statement of capital and reserves

Parent company

30 April 2008

t.DKK

	Share capital	Reserve for hedging instruments	Accumulated profit	Recommended dividend	Total capital and reserves
Capital and reserves at 1 May 2007	<u>27,688</u>	<u>0</u>	<u>203,948</u>	<u>11,067</u>	<u>242,683</u>
Transactions in capital and reserves 2007/08					
Profit for the year	<u>0</u>	<u>0</u>	<u>28,858</u>	<u>11,067</u>	<u>39,925</u>
Total income	<u>0</u>	<u>0</u>	<u>28,858</u>	<u>11,067</u>	<u>39,925</u>
Dividend paid	<u>0</u>	<u>0</u>	<u>0</u>	<u>-11,067</u>	<u>-11,067</u>
Dividend of own shares	<u>0</u>	<u>0</u>	<u>361</u>	<u>0</u>	<u>361</u>
Acquisition of own shares	<u>0</u>	<u>0</u>	<u>-15,770</u>	<u>0</u>	<u>-15,770</u>
Total transactions in capital and reserves 2007/08	<u>0</u>	<u>0</u>	<u>13,449</u>	<u>0</u>	<u>13,449</u>
Total capital and reserves 30 April 2008	<u><u>27,668</u></u>	<u><u>0</u></u>	<u><u>217,397</u></u>	<u><u>11,067</u></u>	<u><u>256,132</u></u>

30 April 2007

t.DKK

	Share capital	Reserve for hedging instruments	Accumulated profit	Recommended dividend	Total capital and reserves
Capital and reserves at 1 May 2006	<u>27,688</u>	<u>0</u>	<u>196,355</u>	<u>8,300</u>	<u>232,323</u>
Transactions in capital and reserves 2006/07					
Profit for the year	<u>0</u>	<u>0</u>	<u>22,396</u>	<u>11,067</u>	<u>33,463</u>
Total income	<u>0</u>	<u>0</u>	<u>22,396</u>	<u>11,067</u>	<u>33,463</u>
Dividend paid	<u>0</u>	<u>0</u>	<u>0</u>	<u>-8,300</u>	<u>-8,300</u>
Acquisition of own shares	<u>0</u>	<u>0</u>	<u>-14,803</u>	<u>0</u>	<u>-14,803</u>
Total transactions in capital and reserves 2006/07	<u>0</u>	<u>0</u>	<u>7,593</u>	<u>2,767</u>	<u>10,360</u>
Total capital and reserves 30 April 2007	<u><u>27,668</u></u>	<u><u>0</u></u>	<u><u>203,948</u></u>	<u><u>11,067</u></u>	<u><u>242,683</u></u>



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