

OMX  
Copenhagen Stock Exchange

### **Annual Report for 2007/08**

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*

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## Financial highlights for the group

<b>DKK million</b>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>
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
Divident 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	27.668	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	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 operationg 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 a business premises.

##### **Costs**

Other external costs amount to 145 DKK million against 134 DKK milllion 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 m<sup>2</sup>.

### **Long-term objectives**

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

- An annual increase in 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	t.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	<b>Gross profit</b>	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	<b>Profit before financial entries and taxation</b>	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	<b>Profit before taxation</b>	69.177	60.612
-9.179	-2.405	Tax on profit for the year	-14.752	-18.049
33.463	39.925	<b>Profit for the year</b>	54.425	42.563
		<b>Divided into:</b>		
		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
		<b>ASSETS</b>		
		<b>Long-term assets</b>		
		<b>Intangible assets</b>		
2.949	2.158	Development costs	2.158	2.949
		<b>Tangible fixed assets</b>		
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
		Tangible assets in course of construction		
4.466	25.469	as well as prepayments	25.469	4.466
186.442	190.032		194.773	192.105
		<b>Other long-term assets</b>		
18.777	18.777	Participating investments in subsidiaries	-	-
18.777	18.777		-	-
208.168	210.967	<b>Total long-term assets</b>	196.931	195.054
		<b>Short-term assets</b>		
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	<b>Total short-term assets</b>	321.984	290.975
468.007	487.819	<b>TOTAL ASSETS</b>	518.915	486.029

# Enclosure

## Balance sheet at 30 April

Parent company			Group	
30/4	30/4		30/4	30/4
2007	2008	t.DKK	2008	2007
		<b>LIABILITIES</b>		
		<b>Capital and reserves</b>		
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	<b>Total capital and reserves</b>	293.554	269.002
		<b>Liabilities</b>		
		<b>Long-term liabilities</b>		
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
		<b>Short-term liabilities</b>		
		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	17.697	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	<b>Total creditors</b>	225.361	217.027
468.007	487.819	<b>TOTAL LIABILITIES</b>	518.915	486.029



## 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	<b>Cash flows from operating activities</b>	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	<b>Cash flows to investment activities</b>	-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	<b>Cash flows from financing activities</b>	-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	<b>Cash and cash equivalents at 30 April 2008</b>	12.649	14.280

# Enclosure

## 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
<u>DKK</u>								
<b>Capital and reserves 1 May 2007</b>	27.668	0	-86	222.341	11.067	260.990	8.012	269.002
<b>Transactions in cap.&amp; res. 2007/08</b>								
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
<b>Total income</b>	0	0	-65	36.378	11.067	47.380	6.980	54.360
Dividend paid	0	0	0	0	-11.067	-11.067	-3.332	-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
<b>Total transactions in cap. &amp; res. 2007/08</b>	0	0	-65	20.969	0	20.904	3.648	24.552
<b>Total capital and res. 30 April 2008</b>	<u>27.668</u>	<u>0</u>	<u>-151</u>	<u>243.310</u>	<u>11.067</u>	<u>281.894</u>	<u>11.660</u>	<u>293.554</u>

## 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
<u>t.DKK</u>								
<b>Capital and reserves 1 May 2006</b>	27.668	0	26	209.016	8.300	245.010	7.241	252.251
<b>Transactions in cap. &amp; res. 2006/07</b>								
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
<b>Total income</b>	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
<b>Total transactions in cap. &amp; res. 2006/07</b>	0	0	-112	13.325	2.767	15.980	771	16.751
<b>Total capital and rex. 30 April 2007</b>	<u>27.668</u>	<u>0</u>	<u>-86</u>	<u>222.341</u>	<u>11.067</u>	<u>260.990</u>	<u>8.012</u>	<u>269.002</u>

# Enclosure

## Statement of capital and reserves

### Parent company

30 April 2008

<u>t.DKK</u>	<u>Share capital</u>	<u>Reserve for hedging instruments</u>	<u>Accumulated profit</u>	<u>Recommended dividend</u>	<u>Total capital and reserves</u>
<b>Capital and reserves at 1 May 2007</b>	27.668	0	203.948	11.067	242.683
<b>Transactions in cap. &amp; res. 2007/08</b>					
Profit for the year	0	0	28.858	11.067	39.925
<b>Total income</b>	0	0	28.858	11.067	39.925
Dividend paid	0	0	0	-11.067	-11.067
Dividend on own shares	0	0	361	0	361
Acquisition of own shares	0	0	-15.770	0	-15.770
<b>Total transactions in cap.&amp; res. 2007/08</b>	0	0	13.449	0	13.449
<b>Total capital and res. 30 April 2008</b>	<u>27.668</u>	<u>0</u>	<u>217.397</u>	<u>11.067</u>	<u>256.132</u>

30 April 2007

<u>t.DKK</u>	<u>Share capital</u>	<u>Reserve for hedging instruments</u>	<u>Accumulated profit</u>	<u>Recommended dividend</u>	<u>Total capital and reserves</u>
<b>Capital and reserves at 1 May 2006</b>	27.668	0	196.355	8.300	232.323
<b>Transactions in capital &amp; res. 2006/07</b>					
Profit for the year	0	0	22.396	11.067	33.463
<b>Total income</b>	0	0	22.396	11.067	33.463
Dividend paid	0	0	0	-8.300	-8.300
Acquisition of own shares	0	0	-14.803	0	-14.803
<b>Total transactions in cap.&amp; res. 2006/07</b>	0	0	7.593	2.767	10.360
<b>Total capital and res. 30 April 2007</b>	<u>27.668</u>	<u>0</u>	<u>203.948</u>	<u>11.067</u>	<u>242.683</u>