schouw+co

ANNUAL REPORT

2007

SUPPLEMENTARY INFORMATION WAS NOT INCLUDED IN THE AUDIT.

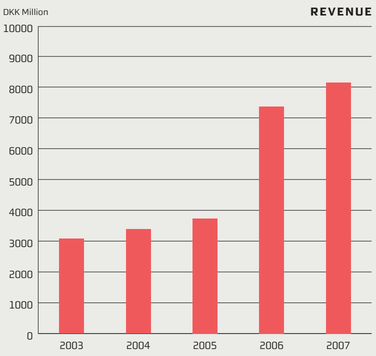
This publication is a translation of the statutory Danish Annual Report 2007. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

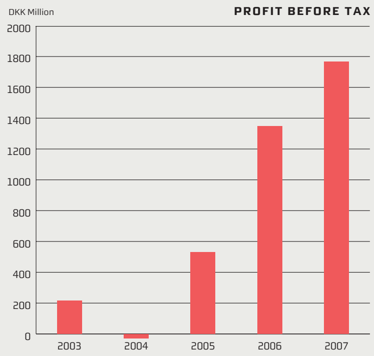
KEY FIGURES

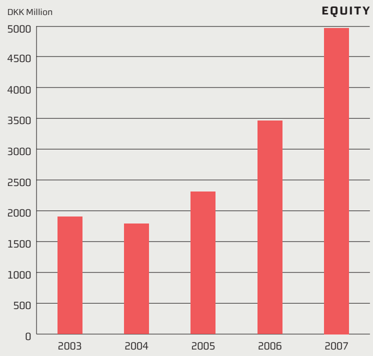
GROUP SUMMARY (DKK MILLION)	2007	2006	2005	2004	2003
REVENUE	8,150.3	7,370.2	3,734.8	3,382.5	3,081.9
Operating profit before goodwill	438.8	471.5	203.7	212.0	202.1
Goodwill amortisation and impairment	0.0	0.0	(2.1)	0.0	(29.6)
Profit/(loss) from associates before goodwill	(3.0)	5.0	0.1	(0.7)	(116.4)
Goodwill amortisation and impairment in associates	0.0	(0.8)	0.0	0.0	(6.9)
Profit/loss from divestment of equity investments	0.0	282.9	17.6	0.0	(4.6)
Net financials	1,330.3	589.5	310.4	(238.7)	172.7
Profit/(loss) before tax	1,766.1	1,348.1	529.7	(27.4)	217.3
Tax on the profit/loss for the year	(102.4)	(107.9)	(33.1)	(38.5)	(44.4)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	1,663.7	1,240.2	496.6	(65.9)	172.9
Profit for the year from discontinuing operations	19.5	74.6	0.0	0.0	0.0
PROFIT/(LOSS) FOR THE YEAR	1,683.2	1,314.8	496.6	(65.9)	172.9
Attributable to:					
Shareholders of Schouw & Co.	1,652.5	1,240.3	498.0	(62.7)	172.2
Minority interests	30.7	74.5	(1.4)	(3.2)	0.7
Share of equity attributable to shareholders of Schouw & Co.	4,972.4	3,460.6	2,307.6	1,789.7	1,904.4
Minority interests	669.1	380.8	472.1	118.6	67.9
TOTAL EQUITY	5,641.5	3,841.4	2,779.7	1,908.3	1,972.3
Total assets	10,316.4	7,465.8	6,965.1	4,249.8	4,243.6
OTHER FINANCIAL DATA					
Average number of employees	3,541	3,352	2,784	2,690	2,441
Investments in property, plant and equipment	308.8	536.7	450.9	338.9	232.8
Depreciation of property, plant and equipment	300.5	293.2	187.3	204.0	192.1
Return on equity (%)	39.2	43.0	24.3	(3.4)	9.2
ROIC (%)	10.3	13.5	7.5	9.0	9.2
Equity ratio (%)	54.7	51.5	39.9	44.9	46.5
PER SHARE DATA					
Earnings per share (of DKK 10)	141.48	105.51	42.17	(5.29)	14.21
Diluted earnings per share (of DKK 10)	140.90	105.11	42.12	(5.29)	14.21
Dividend per share (of DKK 10)	6.00	6.00	3.00	2.00	2.00
Net asset value per share (of DKK 10)	430.84	295.98	195.35	151.68	158.97
Share price at year end (of DKK 10)	441.40	360.17	230.01	122.65	118.34
Price/net asset value	1.02	1.22	1.18	0.81	0.74
P/E	3.12	3.41	5.45	neg.	8.33
MARKET CAPITALISATION	5,094	4,211	2,717	1,447	1,418

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 2004-2007 have been prepared in accordance with IFRS. The comparative figures for 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 2007







- Schouw & Co. lifted its consolidated turnover by 10.6% to DKK 8,150 million from DKK 7,370 million in 2006. Grene, Martin, Fibertex and BioMar all reported double-digit growth rates.

- The consolidated profit for the year before tax was DKK 1,766 million, the highest in company history, against DKK 1,348 million in 2006.

- Positive value adjustment on the holding of Vestas shares of DKK 1,467 million.

- Profit for the year before tax and effects of the Vestas shares was DKK 299 million, which was in line with the most recent guidance. However, the performance does not reflect the aggregate earnings potential of our portfolio companies.

- Highly satisfactory developments in Martin produced strong improvement in profit before tax to DKK 81 million.

- Grene's profit before tax up by 11.5% to DKK 127 million, driven especially by Hydra-Grene.

- Unsatisfactory performance by Fibertex after a difficult year with many challenges.

- BioMar's profit before tax fell to DKK 128 million.

- BioMar has acquired fish feed operations with annual revenue of DKK 1.2 billion from Provimi.

- Schouw & Co. projects consolidated full-year 2008 revenue of approximately DKK 10 billion and a profit before tax of about DKK 400 million exclusive of the effects from the holding of Vestas shares.

PROMISING BUSINESS MODEL

For the past 20 years, Schouw & Co.'s current business model has been a key driver in building a constantly growing industrial conglomerate. The acquisition of Grene in 1988 was the first of many investments that have produced a substantial portfolio of leading businesses.

The strategic foundation has been our long-term focus and a strong commitment to change, coupled with active and developing ownership. The strong financial results of 2007 show that this is a strategy that is both sustainable and value-creating.

Our long-term commitment to the wind turbine industry has been a very important factor in how Schouw & Co. has evolved. Again in 2007, the value adjustment of our Vestas shareholding was a major positive contributor to our consolidated profit.

The individual portfolio companies reported varying earnings, as several of them were severely impacted by surging raw materials prices and more competitive markets. Martin reported excellent performance, which illustrates that it pays to take a long-term approach.

Schouw & Co. has become bigger, more powerful and more international over the years, and we will generate roughly DKK 10 billion in revenue in 2008. Each of our portfolio companies has a substantial development potential and is strongly positioned in its specific industry.

All of our businesses have made considerable investments for the distinct purpose of creating growth and enhancing their efficiency in order to become even more competitive and improve their earnings. We believe that generating long-term value requires substantial regular investment in people, technology and product development.

We are constantly looking for new, exciting acquisition candidates to expand our portfolio and help our individual companies grow. In acquiring Provimi Aqua, BioMar is pursuing the growth and consolidation strategy we apply to our portfolio companies.

We did not succeed in expanding our portfolio in 2007 because we did not find acquisition candidates that were sufficiently attractive and with sufficient potential for value creation, but we have strong financial resources and will be able to act swiftly and firmly when the right opportunity presents itself.

Our business model is constantly evolving, and we are adapting it not only to the substantial challenges we face, but also to the exciting opportunities that present themselves. Our goal is to achieve strong growth and solid value creation, and the prospects for doing that for many years to come are quite good.

JENS BJERG SØRENSEN
PRESIDENT

ACTIVE OWNERSHIP

At Schouw & Co., we apply four key elements as a means of creating value and of developing leading Danish industrial businesses through active, long-term ownership.

- We manage a diversified portfolio applying our "best ownership" philosophy.
- We ensure financial versatility and align capital structures with appropriate financial strength.
- We maintain a professional dialogue with our shareholders and the market, aiming for our share price to always reflect the true value of the Group.
- We exercise an active and developing ownership in close collaboration with company managements.

ACTIVE AND DEVELOPING OWNERSHIP

We operate active ownership through a simple management model we use to maintain an open dialogue with the managements of our businesses.

The model contains three main elements which contribute most significantly to long-term value creation: profitable growth, efficient use of capital and future-proofing. Each element has two parts, each of which is connected to a number of specific performance indicators and focal areas.

We apply the model to all the companies currently in our portfolio and will continue to apply it to all our future portfolio companies. Each company focuses on all three key elements, but the intensity of their efforts and the work put into them will vary depending on the company's situation at the time.

Although it provides an overview, the model is, of course, not a step-by-step guide to the substantial management challenge of listing the focal areas in order of priority and orchestrating the interplay of individual elements. For example, a one-sided focus on utilising capital down to the last drop could easily undermine customer service and product quality. Similarly, an overambitious innovation budget rarely produces profitable results.

PROFITABLE GROWTH

The two elements of profitable growth are increased revenue and efficient spending. Top-line growth is a clear goal for Schouw & Co., because only through sustained growth can long-term value creation be assured. While the potential for growth forms the foundation for future profitability, we must also spend efficiently in order to build a good earnings performance.

All of our portfolio companies have identified a number of growth drivers intended to facilitate an increase in revenue. Initiatives vary from one company to the next, but examples are plans for geographical expansion, strategic collaboration, marketing projects and new, complementary products.

Similarly, there is a catalogue of potential improvements for constantly optimising and making the cost base more efficient. These measures often involve a tight operational focal point in which process optimisation as well as insourcing and outsourcing considerations play a key role.

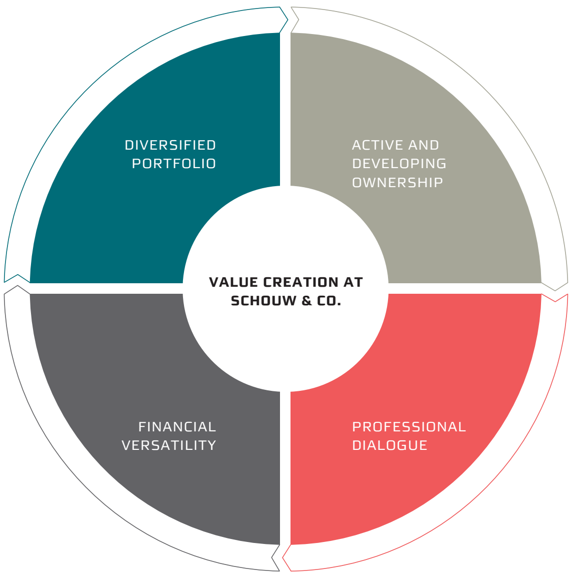
EFFICIENT CAPACITY UTILISATION

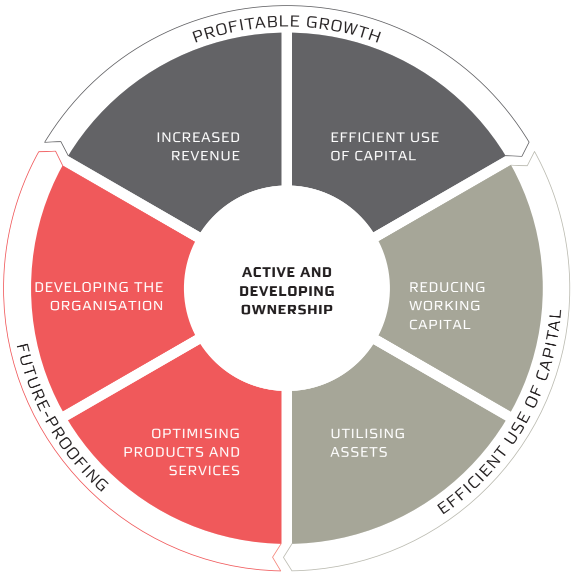
At Schouw & Co., we measure the value of capital employed. That is why we require that our companies reduce their working capital and utilise their assets. We specifically distinguish between current assets and non-current assets such as land, buildings, plant and machinery.

Releasing tied-up current assets has a direct impact on the bottom line in the form of lower financing costs. Obviously, our companies should keep their inventories low, but not so low as to impair the service provided to their customers. Accordingly, the approach taken by each individual company depends on whether it is a trading, manufacturing, knowledge-based or a processing company. Specific projects in the businesses include aligning product assortments, debtor/creditor management and optimising product lead times.

At group level, we apply the concept "make the assets sweat". In other words, when you invest in production equipment, exploit it fully. So our approach is to identify specific targets for improvement in our businesses and to work to structure and optimise the capital tied up in assets across the value chain.

ACTIVE AND DEVELOPING OWNERSHIP





FUTURE-PROOFING

Long-term ownership is key to our approach, and we give high priority to ensuring that our businesses are prepared for future growth and value creation. To that end, we are focused explicitly on optimising the products and services of our businesses and developing their organisations.

Maintaining a constant focus on innovation and quality is one way a company can prepare its product platform – e.g. its products, services or working procedures – for the challenges of the future. For some companies, this involves enhancing quality; for others, cutting costs is the right approach. Our businesses have specific action plans that describe how to spot new trends and how to develop technology and products accordingly.

During our 130-year history, Schouw & Co. has subscribed to the belief that results are created by people. For this reason, it is essential that we always have the right employees and managers and that everyone applies the values and attitudes that have shaped the evolution of our group. In other words, continued professional development of staff at all levels of our businesses is vital.

LIGHT AT THE END OF THE TUNNEL

After having been the main shareholder of Martin since 1999, Schouw & Co. became its sole owner in 2001. During most of this ownership period, Martin has failed to provide results that reflect the company's position as the world's leading manufacturer of computer-controlled effect lighting and has thus not met our expectations.

Over the past five years, company numbers have been in the red, but 2007 produced all-time highs in both revenue and profits. The turnaround and improvements at Martin have happened faster than we dared hope for, but the company has the potential to generate even more revenue and earnings growth. The current earnings level still does not reflect Martin's position as market leader.

WHAT WENT WRONG?

From the time Martin was founded in the 1980s, the company grew its business every year until 2002. The growth pace was fast and demanding, and the transition from an entrepreneurial start-up to an international industry player with revenue in the billions of kroner was not without its problems. The organisation had to expand as fast as sales were growing, but lacked target management and process control. In addition, the strong demand meant that not all products underwent sufficient quality control measures before being put on the market.

Given the market conditions, however, it made sense for Martin to complete the construction of a new, technologically-advanced assembly plant at Frederikshavn, Denmark, while at the same time building a new factory in Zhuhai in southern China. As a result, production capacity more than doubled, and Martin stood prepared for further growth after Schouw & Co. became a long-term owner.

Two outside factors served to restrain revenue growth and caused earnings to drop in 2002–2005. First, the terrorist attacks in the USA on September 11, 2001 and the SARS outbreak in Asia in 2002–2003 had a severe impact on market growth, as several big shows and concerts were cancelled and the entertainment industry went into a general slump. Secondly, Martin generates about one-third of its sales in dollar-dependent currencies, and the depreciation of the US dollar against the Danish krone from roughly nine kroner to the dollar in 2001 to the current level has had a severe impact on revenue and, not least, on earnings.

PROFITABLE GROWTH, EFFICIENT USE OF CAPITAL AND FUTURE-PROOFING

The recovery that Martin has experienced over the past couple of years is the result of a focused effort to apply the three elements of Schouw & Co.'s model for active ownership described on the previous page.

This work has laid the foundation for improving revenue by addressing a larger market than was possible before. Previously, the company was focused on the traditional entertainment segment,

but now Martin is also making a dedicated effort to target other segments, also concentrating on larger orders in project and concept sales.

Current technology is to a greater extent used in alternative applications in commercial and architectural segments, and the technology in existing products is being developed further. Additionally, there is a strong demand in the market for new complementary products based on LED technology.

The company has worked hard to enhance earnings so that its growth can remain profitable. Improvements have been made along the entire value chain, with warehouses being centralised and procurement optimised. Both the application of costs and utilisation of assets have improved through more efficient production planning and improved and optimised capacity utilisation at both factories. Similarly, a number of improvement projects are being implemented in the sales and administrative functions.

In recent years, Martin has paid special attention to preparing its strategic platform for the future. The entire organisation has worked diligently to implement quality assurance to achieve best-in-the-industry products and services. Having allocated considerable resources to innovation and R&D, Martin now has a wide range of entirely new products on the market as well as a strong pipeline of new product launches.

The organisation has gone through considerable change and development, and Martin has made a diligent effort to make its corporate culture more goal-oriented. There has been a great deal of focus on developing know-how and skill sets throughout the organisation, resulting, for example, in sales efforts having become more market-driven rather than product-driven.

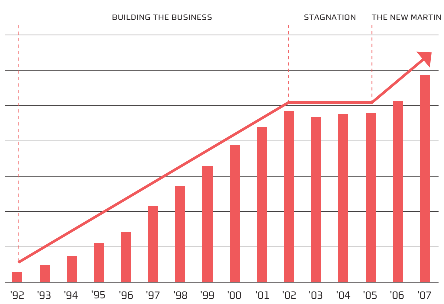
THE NEW MARTIN

Martin is currently in the position of having completed a successful turnaround but still facing some major challenges, both internally in the organisation and externally on the markets. They still need to work on a number of factors, and we still need to see results from several of their initiatives.

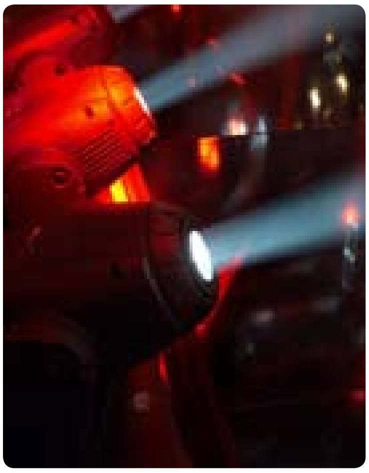
Martin is a highly complex business spanning a long value chain. They must constantly develop new ground-breaking products that can stir up renewed demand. Having an efficient production is essential in building the necessary competitive strength, and it is important to be able to serve a volatile market with a short order horizon.

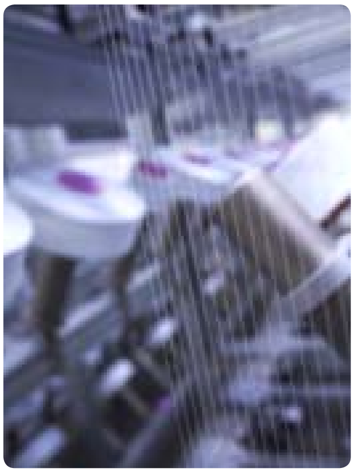
Martin has successfully met these requirements, in part by consistently applying the elements of Schouw & Co.'s model for active ownership. As a result, Martin is well positioned to fill the role as the world's absolute number one in computer-controlled effect lighting and visual effects for the entertainment and experience industries.

REVENUE



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 sustain the positive developments in the industrial segment.

MARTIN

The world's leading manufacturer of computer-controlled effect lighting for the entertainment and the experience industries, including architectural lighting projects and visual effects solutions.

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 generate stable earnings at an attractive level.
- To generate revenue growth through broader segmentation and diversified product assortment.
- To retain the position as the most innovative manufacturer 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/spunmelt products for the personal care industry.

Wholly owned by Schouw & Co. since 2002.

STRATEGIC GOALS

- To continue to generate 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

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

BioMar is listed on the OMX Nordic Exchange Copenhagen and has been partly owned by Schouw & Co. since the end of 2005.

STRATEGIC GOALS

- To successfully implement the value-creating "Going for Global Growth" strategy plan.
- Develop the market potential through efficient integration of acquired businesses.
- To maintain tight risk management of trade payables and raw materials.
- To build enduring competitive strength through innovation and by optimising recipes.

XERGI

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

Owned on a fifty/fifty basis by Schouw & Co. and Dalgasgroup since 2004.

STRATEGIC GOALS

- To create a significant international provider of complete biogas plants by implementing the strategy plan approved in 2007.
- To secure a leading position through a greater commitment to both technological and biological research.
- To generate growth through a visible presence on those markets that provide attractive framework conditions for biogas plants.
- To build a solid position in international project development.

OTHER INVESTMENTS

VESTAS WIND SYSTEMS

Schouw & Co. is a shareholder of Vestas. The stake is not considered a long-term strategic holding and is recognised in the financial statements under securities.

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.

PROPERTY

In addition to properties of the portfolio companies, 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

THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2007 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 ACCOUNTING POLICIES ARE UNCHANGED FROM THE POLICIES APPLIED IN THE ANNUAL REPORT FOR 2006.

FINANCIAL PERFORMANCE

The Schouw & Co. Group recorded a 10.6% improvement of the consolidated revenue to DKK 8,150.3 million from DKK 7,370.2 million in 2006, when the now divested packaging businesses, Elopak Denmark A/S and Elopak AB, contributed revenue of DKK 296.8 million.

Adjusted for the divested packaging businesses, the revenue improvement was 15.2%, driven by double-digit growth rates by Grene, Martin, Fibertex and BioMar and a marginal drop by Xergi. The consolidated revenue was in line with the most recent guidance provided at the release of the Q3 2007 interim report.

Operating profit was DKK 438.8 million, compared with DKK 471.5 million in 2006 when the now divested packaging businesses contributed DKK 33.8 million.

Adjusted for the divested packaging businesses, the operating profit was unchanged from last year but the composition has changed considerably. First of all, Martin and to some extent, Grene reported major improvements, while BioMar suffered a large decline. Fibertex and Xergi also noted setbacks, albeit on a smaller scale.

The consolidated profit for the year before tax improved by 31.0% to DKK 1,766.1 million against DKK 1,348.1 million in 2006.

The 2007 profit before tax included a DKK 1,466.8 million upward value adjustment on the holding of Vestas shares. Exclusive of the effects of the holding of Vestas shares, profit before tax was DKK 299.3 million, which was fully in line with the most recent guidance. However, the performance does not provide a satisfactory reflection of the aggregate earnings potential of our portfolio companies.

In 2006, the holding of Vestas shares had a positive impact of DKK 692.4 million on the profit before tax. In addition, the profit before tax for 2006 was lifted by a DKK 282.9 million gain on the divestment of the packaging businesses and by their contribution to pre-tax profit of DKK 32.1 million.

Pursuant to the IFRS rules, Schouw & Co. redistributes goodwill from the acquisition of BioMar to other items of the BioMar balance sheet that Schouw & Co. consolidates in its financial statements. The balance sheet redistribution had a negative impact of DKK 17.9 million on the profit before tax. In 2006, the negative impact amounted to DKK 23.9 million.

The calculation of the tax for the year was favourably influenced by the fact that the positive effects from the holding of Vestas shares are not taxable. Tax on the profit for the year was DKK 102.4 million compared with DKK 107.9 million in 2006.

The consolidated profit after tax also includes the share of the profit in BioMar's subsidiary Sjøtroll Havbruk, which is recognised separately under "Profit from discontinuing operations". Profit from discontinuing operations comprised a 37.2% share of the profit after tax in Sjøtroll Havbruk up to the end of the first quarter of 2007, at which time BioMar increased its ownership interest to 50.9%. Accordingly, profit from discontinuing operations has, as from the end of the first quarter of 2007, comprised the entire profit after tax of Sjøtroll, of which a proportional share will subsequently be attributable to minority shareholders.

Profit from discontinuing operations amounted to DKK 19.5 million in 2007. In 2006 BioMar recognised DKK 74.6 million from this item in its financial statements.

Profit for the year after tax was DKK 1,683.2 million, of which DKK 1,652.5 million was attributable to the shareholders of Schouw & Co. In 2006, the profit after tax was DKK 1,314.8 million, of which DKK 1,240.3 million was attributable to the shareholders of Schouw & Co.

A 20-YEAR-OLD WITH 130 YEARS OF EXPERIENCE

ON JANUARY 10, 2008, IT WAS 130 YEARS AGO THAT VICTOR SCHOUW STARTED A BUSINESS MAKING PAPER BAGS IN COPENHAGEN. THE LAST PACKAGING OPERATIONS WERE DIVESTED IN 2006, SO THERE IS NO LONGER A DIRECT LINK TO OUR ORIGINAL BUSINESS AREA.

ON THE OTHER HAND, ON AUGUST 10, 2008, IT WILL BE 20 YEARS AGO THAT SCHOUW & CO. ACQUIRED GRENE, WHICH BECAME THE FIRST BUILDING BLOCK OF WHAT IS NOW AN INDUSTRIAL CONGLOMERATE THAT IS STILL BASED ON THE ATTITUDES AND VALUES THAT HAVE EVOLVED THROUGHOUT OUR COMPANY'S HISTORY.

READ MORE ABOUT THE HISTORY OF SCHOUW & CO. AT WWW.SCHOUW.DK

GROUP DEVELOPMENTS

All portfolio businesses worked hard on their strategies during the year and on business and organisational development, while tending to their busy everyday operations.

Many specific development initiatives were made in the individual businesses during the year.

Grene invested to expand its production and warehouse facilities, mainly in Denmark and Poland, and also started up new sales operations in the Czech Republic.

Martin made a great effort to optimise in-house processes and to develop its supply chain.

Fibertex began operating the Personal Care Division's new production line in Denmark and initiated a DKK 130 million investment programme in the Technical Division to build new facilities in Denmark and the Czech Republic. In addition, the company streamlined its existing production facilities.

BioMar completed a large expansion of its production capacity in Norway, the UK and Chile, acquired a shareholding majority in Sjøtroll Havbruk and established new corporate headquarters in Aarhus, Denmark.

Finally, Xergi continued to expand the business and established new headquarters near Aalborg, Denmark.

VESTAS WIND SYSTEMS

The holding of Vestas shares did not change in 2007. Accordingly, Schouw & Co. held 4,800,000 shares, equal to 2.59% of the share capital, at December 31, 2007.

The official share price (all trades) was DKK 546.85 at December 31, 2007, while it was DKK 241.27 at December 31, 2006.

The resulting favourable value adjustment of DKK 1,466.8 million attributable to the 2007 financial year is not taxable and is recognised under consolidated financial items.

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. holds an ownership interest in the development and venture company Incuba A/S, whose other shareholders are the Aarhus University Research Foundation and NRGi a.m.b.a.

Incuba is involved in the venture capital area through its 32.6% ownership interest in the Incuba Venture I K/S venture fund.

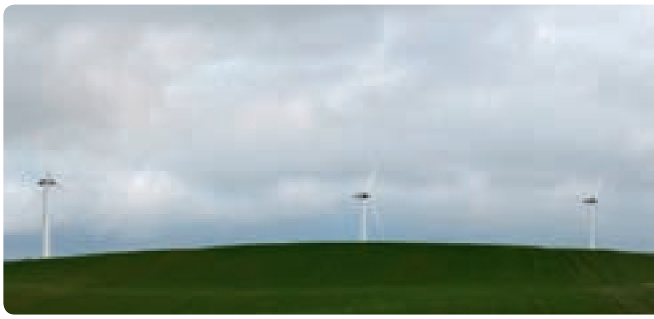
Incuba is involved in the venture capital area through its 26.9% ownership of East Jutland Innovation, an innovation environment approved by the Danish Ministry of Science, Technology and Innovation.

Further, Incuba has a 26.1% stake in Incuba Science Park A/S, which is the result of a 2007 merger of Science Park Aarhus and IT-Huset Katrinebjerg A/S. Incuba was also a co-owner of the latter company.

Incuba Science Park operates three science parks in Aarhus: the original science park which has facilities covering 11,500 m² of space next to the University of Aarhus, the biotech-med science park, for which new facilities of 6,100 m² of space are currently being built next to Aarhus University Hospital, and the IT science park whose facilities cover 10,000 m² of space at Katrinebjerg and which is expected to be extended further in 2009.

Incuba reported a loss for the year after tax of DKK 8.7 million, of which DKK 4.4 million was recognised in Schouw & Co.'s consolidated financial statements. The loss was due exclusively to invest-

VESTAS



MANAGEMENT'S REPORT

ment write-downs by the venture capital business.

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 a 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 various 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, China and Chile.

The Group's businesses have taken out usual liability and general insurance cover, 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.

DANA FEED

DANA FEED, BASED IN HORSENS, DENMARK, WHICH BIOMAR ACQUIRED FROM PROVIMI IN 2008.

EVENTS AFTER THE BALANCE SHEET DATE

In November 2007, BioMar agreed to acquire the fish feed operations of Provimi.

The acquisition subsequently received the approval of the competition authorities of the relevant countries and was finalised to the effect that the new operations have been recognised in BioMar's financial statements as from February 1, 2008.

The acquired businesses sold about 167,000 tons of fish feed in 2007, generating revenue of DKK 1.2 billion. The companies employ about 295 people and operate factories in Denmark, Spain and Chile.

The acquisition of Provimi's fish feed activities has substantially strengthened BioMar's position as the world's third-largest producer of quality feed for industrial fish farming.

The acquisition added a number of complementary products to BioMar's assortment and the staff of the acquired companies have extensive know-how and strong skills that will provide BioMar with good opportunities to further develop these special business areas.

The acquired businesses are expected to contribute revenue of approximately DKK 1.3 billion. Non-recurring costs for achieving synergies are expected to equal the effect of the synergies achievable, but substantial synergies are expected from 2009 due to, among other things, increased volumes and economies of scale in R&D, production and procurement.

DIVIDENDS

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 2007 FINANCIAL YEAR.

ACCORDINGLY, THE TOTAL DIVIDEND FOR THE YEAR WILL BE DKK 74.8 MILLION, WHICH IS IN LINE WITH THE FIGURE FOR 2006.

BONUS SHARES

Due to recent years' positive growth in the Group's equity, the nominal share capital of Schouw & Co. seems relatively small by comparison. The Board of Directors of Schouw & Co. believes that it would be reasonable to increase the share capital by issuing bonus shares.

Accordingly, the Board of Directors intends to recommend to the shareholders in general meeting that Schouw & Co. issue bonus shares to existing shareholders at a ratio of one new share for every share held.

In the bonus share issue, shareholders will receive one new share in Schouw & Co. with a nominal value of DKK 10 for each share held.

Subject to the approval of the shareholders in general meeting, the share capital will be increased to 24,940,000 shares with a nominal value of DKK 10 each for a total nominal share capital of DKK 249,400,000 from the previous nominal value of DKK 124,700,000.

The company will increase the share capital by transferring funds from the reserves.

OUTLOOK

In recent years, the Schouw & Co. Group has built substantial financial strength that allows for the continued expansion of the Group's operations, especially on a long-term investment horizon during a time of uncertainty in the financial markets.

Our ambition remains 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 2008, and we anticipate generally lower growth rates and rising costs, not least for raw materials.

Grene will have to meet expectations emanating from its highly satisfactory performances and successful results under favourable market conditions in 2006 and 2007.

Martin will need to sustain the momentum from the improvements achieved in 2007 and to position the business for continued growth with earnings at a permanently higher level.

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

BioMar will need to capitalise on the potential of its existing production plant and to successfully integrate the businesses acquired from Provimi with its existing operations.

Finally, Xergi will need to expand its business base in a fast and committed process within an appropriate financial framework.

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 2008 revenue of approximately DKK 10 billion and a profit before tax of about DKK 400 million exclusive of the effects from the holding of Vestas shares and the share of the profit in Sjøtroll.

A sales process involving the equity stake in Sjøtroll has been initiated. Accordingly, there can be no assurance as to for how much of the 2008 financial year the company will recognise a share of the profit in Sjøtroll.

PROJECTED PROFIT PERFORMANCE

PROFIT BEFORE TAX	ACTUAL 2007	EXPECTED 2008
Grene	DKK 127 million	DKK 130 million
Martin	DKK 81 million	DKK 80 million
Fibertex	DKK 5 million	DKK 30 million
BioMar	DKK 128 million	DKK 200-220 million
IFRS-adjustment	DKK (18) million	DKK (18) million
Xergi (50%)	DKK (3) million	DKK (5) million
Others	DKK (21) million	DKK (27) million
Core operations	DKK 299 million	DKK 390-410 million
Special factors (Vestas)	DKK 1,467 million	-
Profit before tax	DKK 1,766 million	DKK 390-410 million

BOARD OF DIRECTORS AND MANAGEMENT

DIRECTORSHIPS IN OTHER DANISH PUBLIC LIMITED COMPANIES

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

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

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

Chairman of: BioMar A/S, BioMar Holding A/S, A/S P. Grene, Chr. C. Grene A/S, Hydra-Grene A/S, Xergi A/S.
Deputy Chairman of: Fibertex A/S, Martin Professional A/S.
Board member of: Aida A/S, Aktieselskabet af 26. november 1984, Cargo Service A/S, Center for Ledelse, Dansk Moler Industri A/S, DB 2001 A/S, Dovista A/S, FAA Holding A/S, F.M.J. A/S, Incuba A/S, Incuba Venture I K/S, Schouw Finans A/S.
Executive Management: Aktieselskabet af 26. november 1984, Schouw Finans A/S.

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

Chairman of: Incuba Science Park A/S, Kontorhuset Svendborg A/S, Lübker Golf A/S, Lübker Golf Resort A/S, MA 24 A/S, Venti A/S.
Board member of: Incuba A/S, Lindl Group A/S, Lübker Golf Invest A/S, Lübker Square K/S, Momenta Invest A/S, MOPRRE A/S.
Executive Management: Lindl Group A/S, Momenta Invest 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, Givesco A/S, A/S P. Grene, 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.

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.

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

Chairman of: Aida A/S, Aktieselskabet af 26. november 1984, 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, DB 2001 A/S, Fibertex A/S, F.M.J. A/S, GAM Holding A/S, GFKJURA 883 A/S, Ghana Impex A/S, Givesco A/S, Holdingselskabet af 25. november 1972 A/S, Investeringsforeningen Danske Invest, Kildebjerg Ry A/S, Krone Erhvervsinvestering A/S, Krone Kapital A/S, Løgten Midt A/S, K.E Mathiasen A/S, Martin Professional A/S, Ortopædisk Hospital Aarhus A/S, Pipeline Biotech A/S, Schouw Finans A/S, Søndergaard Give A/S.
Deputy Chairman of: Carletti A/S, Givesco Bakery A/S,
Board member of: BioMar A/S, BioMar Holding A/S, Dan Cake A/S, Ejendomsselskabet Blomstervej 16 A/S, A/S P. Grene, Krone Kapital I A/S, Krone Kapital II A/S, Krone Kapital III A/S, Vestas Wind Systems A/S.

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

Chairman of: Grene Industri-service A/S, Helsingforsgade 25 Aarhus A/S, Østjysk Innovation A/S.
Board member of: DB 2001 A/S, A/S P. Grene, Chr. C. Grene A/S, Grene Industri-service A/S, Hydra-Grene A/S, Inventure Capital A/S, Lastas A/S, Schouw Finans A/S, Xergi A/S.
Executive Management: DB 2001 A/S, Incuba A/S.

INVESTOR INFORMATION

CAPITAL AND SHARE STRUCTURES

The shares of Aktieselskabet Schouw & Co. are listed on the OMX Nordic Exchange Copenhagen 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. Each share carries one vote, for a total of 12,470,000 voting rights. The size and composition of the share capital has been unchanged since the end of 2002.

The company's Board of Directors reviews the company's capital and share structures at appropriate intervals. Following such a review, the Board of Directors has resolved to recommend to the shareholders in general meeting that Schouw & Co. issue bonus shares to existing shareholders at a ratio of one new share for every share held.

REGISTRAR

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

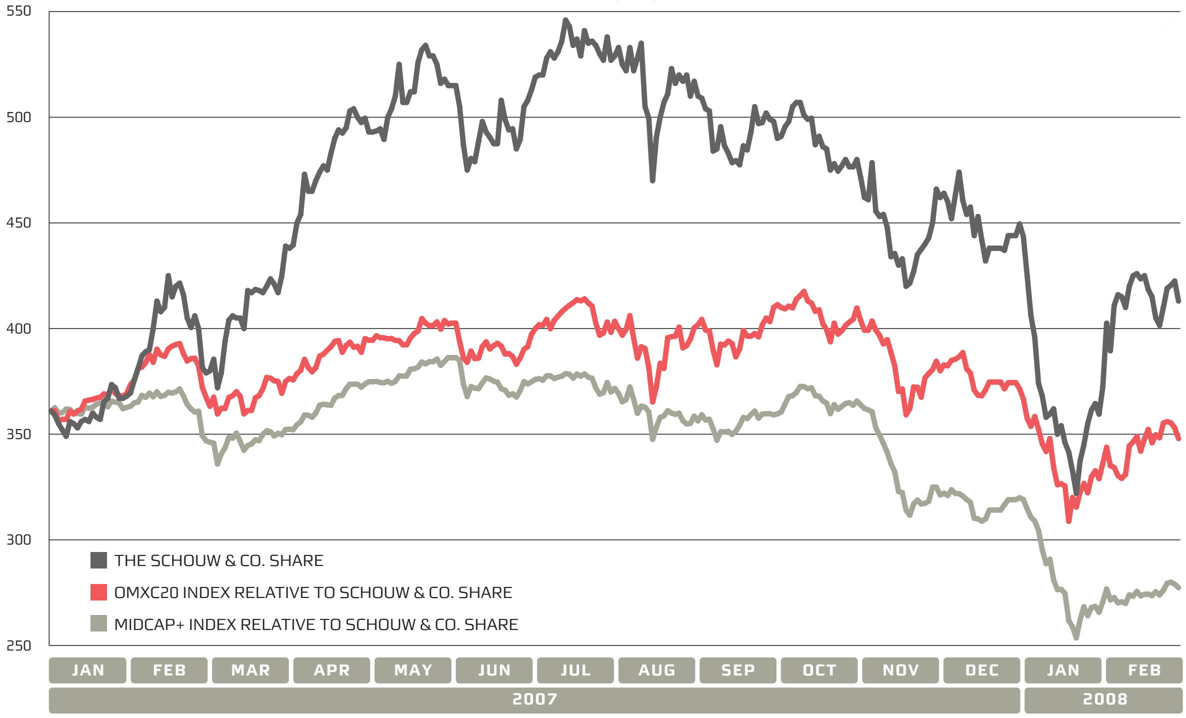
SHAREHOLDER STRUCTURE

Schouw & Co. has some 5,100 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	7.66%
Aktieselskabet Schouw & Co.	7.45%

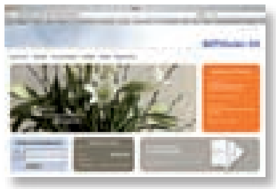
Pursuant to the provisions of Section 31 of the Securities Trading Act, the three shareholders Givesco A/S, Direktør Svend Hornsylds Legat and Erling Eskildsen are considered as a single shareholder

PRICE PERFORMANCE ON THE OMX NORDIC EXCHANGE COPENHAGEN (DKK)



WEB SITE

SCHOUW & CO.'S WEB SITE – WWW.SCHOUW.DK – CONTAINS ANNOUNCEMENTS TO THE OMX NORDIC EXCHANGE COPENHAGEN AND INTERIM FINANCIAL STATEMENTS, AS WELL AS MORE DETAILED INFORMATION ON THE GROUP.



FINANCIAL CALENDAR

APRIL 16, 2008	ANNUAL GENERAL MEETING
MAY 8, 2008	RELEASE OF Q1 2008 INTERIM REPORT
AUGUST 18, 2008	RELEASE OF H1 2008 INTERIM REPORT
NOVEMBER 6, 2008	RELEASE OF Q3 2008 INTERIM REPORT

of Schouw & Co. The three shareholders hold in aggregate 47.90% of the shares in the company.

At the end of 2007, the members of the Board of Directors and the Management Board of Schouw & Co. and their connected persons held a total of 644,526 and 37,292 shares, respectively, in the company.

TREASURY SHARES

At the end of 2007, the company held 928,734 treasury shares, equal to 7.45% of the share capital.

The market value of the holding of treasury shares was DKK 410 million at December 31, 2007. The portfolio of treasury shares is recognised at DKK 0.

PRICE PERFORMANCE

The Schouw & Co. share closed the year at a price of DKK 441.40 (all trades), compared with DKK 360.17 per share at December 31, 2006, for a total market capitalisation of DKK 5,504 million at the close of the financial year, against DKK 4,491 million at the close of 2006, equivalent to a rise of 22.6%. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 5,094 million at December 31, 2007.

To benchmark the performance, the company uses the OMXC20 and the OMX Copenhagen MidCap+ indices, which rose by 5.1% and fell by 10.9%, respectively.

INCENTIVE PROGRAMMES

Since January 2003, Schouw & Co. has operated a share-based incentive programme comprising the Management and senior managers, including the executive managements of subsidiaries. A total of 96,000 options to buy shares in Schouw & Co. at a price of DKK 167.50 per share were exercised under the programme in 2007.

In continuation of the share-based incentive programme, Schouw & Co. awarded, in March 2006, 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 301.75, equal to the market price of the shares at the time of grant plus a 3% premium per annum and adjusted for the increased dividend paid in respect of the 2006 financial year.

In addition, Schouw & Co. awarded, in March 2007, another 24,000 share options to members of the Management (two persons) and a total of 86,000 share options to other senior managers, including the executive management of subsidiaries (eleven persons).

The share options are exercisable during a four-week period following the publication of Schouw & Co.'s full-year profit announcement for the 2008 financial year at a strike price of DKK 451.75, equal to the market price of the shares at the time of grant plus a 4% premium per annum.

The entire share option programme, which amounts to 1.8% of the share capital, 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 value 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 OMX Nordic Exchange Copenhagen.

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 order to ensure that all investors have equal access. The web casts are available at the company's web site. Schouw & Co. also 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.

THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors of Schouw & Co. held six Board meetings and a conference call in 2007, corresponding to the ordinary level of Board activity in the company. In addition, two board seminars were held during the year.

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 2007, the number of Board members unable to attend was never more than one.

For reasons of impartiality, the Chairman of the Board, Jørn Ankær Thomsen, does not, on principle, 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 "Revised Recommendations on Corporate Governance in Denmark".

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, as a minimum, a representative from each of the Board of Directors and the Management Board of Schouw & Co. along with external Board members who have a special interest or knowledge of the particular portfolio company's business area.

CORPORATE GOVERNANCE

The Management Board and the Board of Directors of Schouw & Co. see corporate governance as a natural part of operating a listed company, 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 "Revised Recommendations on Corporate Governance in Denmark".

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 "Revised Recommendations on Corporate Governance in Denmark".

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

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 THE 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 TO THE BOARD OF DIRECTORS AND BOARD OF 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, Board members do not receive incentive remuneration.

No other significant divergence.

VII. RISK MANAGEMENT

No significant divergence.

VIII. AUDIT

No significant divergence.

ANNOUNCEMENTS TO THE OMX NORDIC EXCHANGE COPENHAGEN

Schouw & Co.'s announcements to the OMX Nordic Exchange Copenhagen since January 1, 2007. The announcements are available at the company's web site, www.schouw.dk.

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

MARCH 15, 2007. NO. 2. ANNUAL REPORT 2006
The Schouw & Co. Group generated consolidated turnover of DKK 7,370 million and a profit before tax of DKK 1,423 million in the year ended December 31, 2006. 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.

MARCH 22, 2007. NO. 3. CONTINUATION OF INCENTIVE PROGRAMME
Decision to issue and grant up to an additional 144,000 share options to members of the Management and other senior executives.

APRIL 12, 2007. NO. 4. ANNUAL GENERAL MEETING OF SCHOUW & CO.
The company held its annual general meeting on April 12, 2007.

MAY 10, 2007. NO. 5. INTERIM REPORT – FIRST QUARTER OF 2007
The Group's profit before tax for the first quarter of 2007 improved by 26% to DKK 350.3 million. Schouw & Co. adjusts the forecast for the full-year 2007 profit before tax to approximately DKK 350 million from the previous forecast of DKK 330 million, excluding the effects from the holding of Vestas shares and the contribution to profit from Sjøtroll Havbruk.

AUGUST 16, 2007. NO. 6. INTERIM REPORT – FIRST HALF OF 2007
The Group's profit before tax for the first half-year of 2007 improved by 74% to DKK 660 million. For the full-year 2007, profit before tax is expected to be approximately DKK 350 million, excluding the effects from the holding of Vestas shares and the contribution to profit from Sjøtroll Havbruk.

NOVEMBER 8, 2007. NO. 7. INTERIM REPORT – THIRD QUARTER OF 2007
The Group's profit before tax for the nine months to September 30, 2007 was DKK 419.9 million. Schouw & Co. downgrades its forecast for the full-year 2007 profit before tax to approximately DKK 300 million from the previous forecast of DKK 350 million, excluding the effects from the holding of Vestas shares and the contribution to profit from Sjøtroll Havbruk.

DECEMBER 21, 2007. NO. 8. CEO OF FIBERTEX TO RESIGN
Michael Meulengracht, CEO, has chosen to seek new challenges outside Fibertex and will leave his position at December 31, 2007.

JANUARY 31, 2008. NO. 1. FINANCIAL CALENDAR 2008
Schouw & Co.'s financial calendar 2008.

MARCH 6, 2008. NO. 2. REVISED FINANCIAL CALENDAR 2008
Announcement of full-year financial results to be moved forward.

GRENE

OMME LIFT A/S, ONE OF THE WORLD'S LEADING MANUFACTURERS OF ARTICULATING LIFTS, SELLS ITS ANNUAL PRODUCTION OF ABOUT 800 LIFTS TO MOST PARTS OF THE WORLD. THE COMPANY IS A MAJOR BUYER OF HYDRA-GRENE'S HYDRAULICS PRODUCTS.

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.

ABOUT 1,000 EMPLOYEES.

FINANCIAL PERFORMANCE

Overall, 2007 was a good year for Grene, but also a year of change and challenges.

Revenue improved by 19.3% from DKK 1,362.9 million in 2006 to DKK 1,625.4 million in 2007. All of the Grene businesses reported improvements, but the main contributors to revenue growth were Grene Poland, Hydra-Grene, Grene Industri-service and Chr. C. Grene.

The profit for the year before tax was DKK 126.5 million, compared with DKK 113.5 million in 2006, which figure was lifted by DKK 12.6 million profit from the sale of land and buildings in Poland. The strong improvement was attributable especially to Hydra-Grene, but Grene Industri-service and Grene Sweden also performed very well and Grene Poland reported strong improvements in its ordinary operations.

Chr. C. Grene, on the other hand, posted a decline in profit, although it generated quite a satisfactory performance in terms of revenue and contribution margin. The set-back was attributable to increased costs of extending and restructuring the central warehouse in Skjern. Encompassing the erection of a new 10,000 m² computerised warehouse with a fully automatic miniload facility and a total restructuring of the existing warehouse facilities, the project has proven to be more challenging than expected.

However, Grene's overall financial results were better than expected and 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.

Grene reported positive revenue performance in all geographical markets in 2007. The good performance was due partly to generally positive market developments, but also very much to recent years' dedicated efforts to developing the company's retailer network and distribution system, including not least the electronic ordering systems.

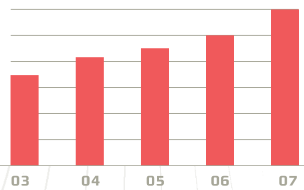
The company continued its committed work in 2007 to position and brand the business on the various markets, all of which are undergoing change. Grene generates a substantial part of its revenue in Poland through own retail stores and the company expanded its already extensive retail network during the year. At the end of 2007, Grene had 70 stores throughout most of Poland.

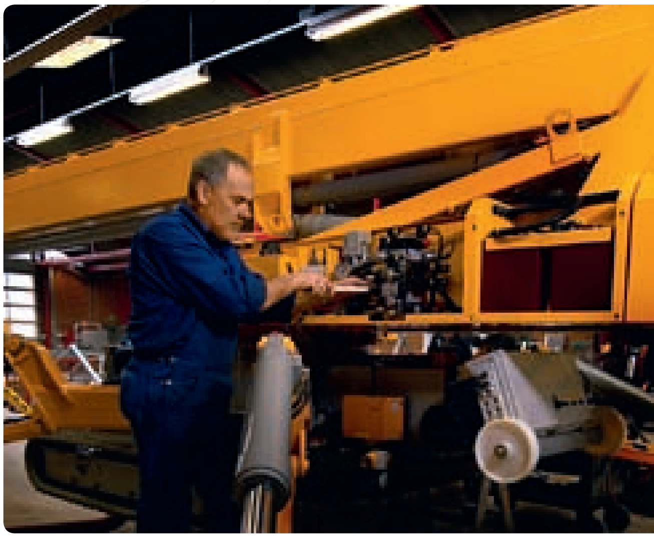
The latest EU enlargement and the continued structural redevelopment of the agricultural sector in eastern and central Europe provides new market opportunities for Grene Kramp Holding, a joint venture established with long-standing Dutch business partner Kramp Groep for the purpose of developing the business activities in eastern and central Europe.

Substantial investments were made in logistics in 2007 with a view to building a foundation for continued growth. In addition to the major expansion of the central warehouse in Denmark, the central warehouse in Poland was extended by 5,000 m² unheated and 4,000 m² heated

DKK MILLION	2007	2006	2005	2004	2003
REVENUE	1,625.4	1,362.9	1,246.0	1,113.3	996.9
EBITDA	177.3	150.7	136.4	126.2	105.3
EBIT	145.9	124.6	109.0	100.0	75.7
PROFIT BEFORE TAX	126.5	113.5	115.5	95.1	62.7
TOTAL ASSETS	1,139.6	961.2	794.2	751.6	681.2
EQUITY	434.3	369.5	364.2	309.4	274.2

REVENUE PERFORMANCE





warehouse space. A project to extend the facilities in Sweden commenced towards the end of the year.

Revenue in the Agro sector was DKK 821 million against DKK 700 million in 2006.

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 2007 and once again a highly satisfactory profit.

The share of revenue generated by the company's own production and shipments of complete kits to major industrial customers in Denmark and abroad continued to increase. A stronger effort in the export markets contributed to the revenue improvements, and Hydra-Grene again expanded its in-house production capacity in 2007.

The Swedish hydraulics operations continued to expand and operations in Norway and Poland developed favourably.

Revenue in the Hydraulics sector was DKK 440 million against DKK 362 million in 2006.

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 electromechanical, automation and maintenance services. Grene Industri-service has steadily improved its financial results over the past few years. The company has now become profitable and has the potential to continue the positive developments.

Grene Industri-OEM addresses OEM customers and customers with a similar procurement profile. Work continued in 2007 to strengthen the market position of this business.

Revenue in the Industry sector was DKK 364 million against DKK 301 million in 2006.

OUTLOOK

In recent years, Grene has made substantial investments in expanding its physical facilities. Also, the company has gradually developed the organisation and optimised products and services, and this process will continue. This makes the business well prepared for continued profitable growth in the years ahead, not least supported by geographical expansion.

Grene is well positioned in all three business areas, but rising raw materials prices, shortages of qualified labour and a potential market slump could lead to moderate revenue growth and put earnings under pressure.

Grene expects to generate revenue of approximately DKK 1.7 billion and a profit before tax of around DKK 130 million in 2008.

MARTIN

FREELANCE LIGHT DESIGNER KASPER STEEN-LANGE USES MARTIN PRODUCTS IN MANY OF HIS DESIGNS, INCLUDING FOR TELEVISION SHOW THE X-FACTOR, THE DANISH MUSIC AWARDS, THE DANISH SONG CONTEST AS WELL AS FOR DANISH ARTISTS SANNE SALOMONSEN, SAFRI DUO AND TIM CHRISTENSEN.

FACTS ABOUT MARTIN

MARTIN IS THE WORLD'S LEADING MANUFACTURER OF COMPUTER-CONTROLLED EFFECT LIGHTING, WHICH IS SOLD TO THE ENTERTAINMENT AND EXPERIENCE INDUSTRIES IN MOST PARTS OF THE WORLD. MARTIN ALSO PRODUCES SMOKE MACHINES AND SMOKE PRODUCTS FOR THE SECURITY INDUSTRY.

HEAD OFFICE IN AARHUS, DENMARK AND PRODUCTION FACILITIES IN DENMARK, THE UK AND CHINA.

CORE MARKETS: EUROPE, NORTH AMERICA AND ASIA.

ABOUT 1,200 EMPLOYEES.

FINANCIAL PERFORMANCE

In 2007, Martin successfully sustained the positive developments in the company that began in the second half of 2005.

Revenue improved by 14.1% from DKK 1,027.4 million in 2006 to DKK 1,172.7 million in 2007. The revenue improvement was broadly based on all the markets Martin serves and derived from the first three quarters of the year. The Q4 revenue fell slightly relative to Q4 2006 due mainly to customer requests to postpone the shipment of two major orders.

The profit before tax increased from DKK 19.0 million in 2006 to DKK 81.1 million. The profit was slightly lower than the most recent guidance, but well ahead of expectations expressed at the beginning of 2007. The positive performance was highly satisfactory.

The profit advance was based on three important elements: The increased revenue resulting from the greater market share for large and medium-sized products, including the launch of a number of new products to both existing and new customer segments, as well as to a number of large single orders shipped in the first half-year of 2007.

Secondly, the improvement was driven by greater efficiency throughout the organisation as well as much enhanced product quality resulting in lower quality and repair costs.

The financial results were also lifted by non-recurring income of DKK 8 million resulting from a settlement with a competitor, which had unlawfully made use of parts of Martin's intellectual property rights.

MARKET DEVELOPMENTS

The positive developments in Martin were the result of a successful business transformation, which has developed the company in-house and changed the way it addresses the markets.

The transformation process included a review of the customer and the product portfolios, enabling Martin to focus on larger orders such as through project and concept sales as well as framework agreements with core customers.

Following the transformation process, Martin is now in a good position to capitalise on the strong demand derived from, among other things, increased activity in the concert tour industry, a focused approach to working the markets as well as the launch of dedicated new products.

In addition, by launching complementary products such as a product concept for media video walls, Martin has gained access to a substantial potential in the market for visual effects. Growing demand is expected from the lighting industry for a number of Martin's traditional products, such as media servers and video effect controllers and lighting.

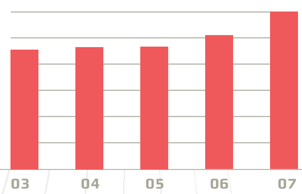
PRODUCT DEVELOPMENT

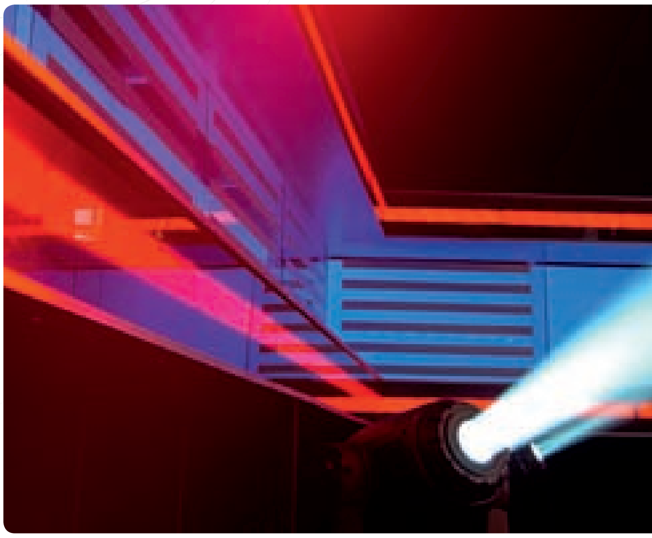
Product development and production in general have played very important parts in the process to transform Martin's business.

Focus has been on achieving quality improvements in products as well as processes. A broadly based quality enhancement training programme and

DKK MILLION	2007	2006	2005	2004	2003
REVENUE	1,172.7	1,027.4	955.5	952.6	936.4
EBITDA	158.2	99.1	49.3	58.3	66.5
EBIT	107.1	44.5	(31.6)	(26.4)	(21.1)
PROFIT BEFORE TAX	81.1	19.0	(62.5)	(53.0)	(46.6)
TOTAL ASSETS	1,034.1	924.3	946.3	968.3	1,005.9
EQUITY	261.9	219.8	215.4	174.0	137.6

REVENUE PERFORMANCE





the launch of an Operational Excellence-programme have produced quality improvements throughout the organisation, involving an in-depth analysis of all main processes with a view to identifying potential improvements.

The quality improvements have released resources previously used for correcting errors that are now being applied to strengthening product development. At the same time, product development efforts were redirected towards products with a substantial potential and the focused efforts resulted in the launch of 15 new products in 2007.

Apart from the media video walls product concept, some of the most important product launches were a number of new products based on LED technology and exciting variants of existing products.

The company's leading market position is demonstrated by the fact that Martin products are used at virtually all major entertainment events all over the world. Deserving special mention is the fact that about 2,000 Martin products are expected to be used at the opening and closing ceremonies of the 2008 Olympic Games in Beijing.

In the autumn of 2007, Martin was awarded a DKK 15 million grant from the Danish National Advanced Technology Foundation for a research project conducted in collaboration with the University of Aalborg and the Risø National Laboratory. The aim of the project is to shift the technology in the lighting industry from conventional sources of light to the application of LED.

OUTLOOK

Being a market leader, Martin must constantly develop the market in order to generate growth. For that purpose, Martin will continue expanding into the visual effects segment in order to expand the accessible market and continue implementing the ongoing transformation process with a view to enhancing its competitive strength.

In order to increase its level of earnings, Martin must successfully consolidate its achievements to date, successfully implement planned product launches and maintain positive demand.

Martin is a highly complex business with a long value chain, all the parts of which are constantly challenged by market forces. Through its leading position, however, Martin stands well positioned to meet the challenges, and the company intends to pursue very closely any opportunities for market consolidation.

Martin expects to generate revenue of approximately DKK 1,250 million and a profit before tax of around DKK 80 million in 2008.

FIBERTEX

ABENA A/S HAS HIGH QUALITY STANDARDS FOR THE RAW MATERIALS USED TO MANUFACTURE NAPPIES. FIBERTEX IS SUPPLYING RAW MATERIALS FOR NAPPIES, AND SUPPLIES AN ANNUAL TOTAL OF 75,000 TONNES OF RAW MATERIALS FOR PERSONAL CARE PRODUCTS.

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 PRODUCTION FACILITIES IN DENMARK, THE CZECH REPUBLIC AND MALAYSIA.

CORE MARKETS: EUROPE, ASIA AND NORTH AMERICA.

ABOUT 800 EMPLOYEES.

FINANCIAL PERFORMANCE

Fibertex had a difficult year in 2007, facing many challenges and reporting a drop in its financial performance.

Revenue improved by 20.7% from DKK 1,318.3 million in 2006 to DKK 1,591.3 million in 2007. The main drivers of the improvement were the Personal Care Division in Denmark and the Technical Division in the Czech Republic, but the remaining units also grew their revenue. Revenue was in line with expectations.

Part of the revenue increase was based on higher selling prices, but this was not enough to fully off-set the higher raw materials prices.

Profit for the year before tax fell to DKK 5.1 million from DKK 32.8 million in 2006. The Personal Care Division reported a substantial earnings improvement in Malaysia, which was largely eliminated by a similar decline in Denmark. The Technical Division's improvements in the Czech Republic were more than offset by the decline in Denmark.

The overall financial results fell only slightly short of the guidance, but were at a level that was far from satisfactory.

PERSONAL CARE DIVISION

In Denmark, the most recent production line, installed in 2006, generally operated with satisfactory efficiency, but the line expanded the output capacity by a substantial margin, and it has taken longer than expected to sell the full capacity to the personal care sector. As a result, part of the capacity was sold for industrial purposes to a segment with insufficient margins.

However, Fibertex is in close contact with a number of customers on, among other things, the development of innovative products, and the company expects that going forward the production capacity will be used for the personal care sector.

The Personal Care Division in Malaysia, on the other hand, performed very well in 2007. The entire capacity was sold throughout the year, and production and sales are well balanced. Production efficiency was satisfactory and products are of a high quality.

The newer of the two production lines in Malaysia is a bi-component line that facilitates an improvement of product properties, making the material softer and more elastic. Sales of bi-component nonwowens to customers in Japan and elsewhere performed favourably in 2007.

The Personal Care Division's overall revenue was up by 28% to DKK 1,008 million, of which DKK 391 million was generated in Malaysia.

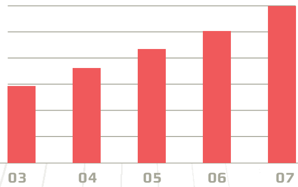
TECHNICAL DIVISION

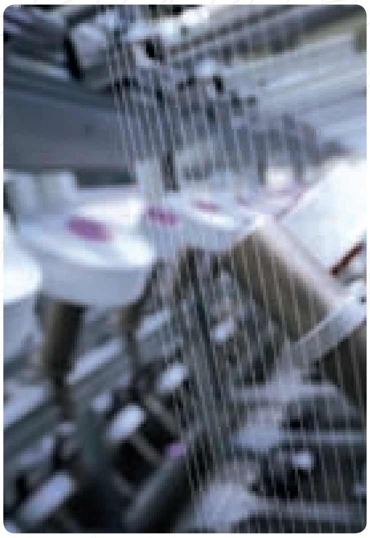
The Technical Division operated in a market of excess capacity and tough price competition that eliminated any potential for getting sufficient compensation for the sharply increased raw materials prices.

In reaction to the negative performance, Fibertex initiated a plan in the summer of 2007 to rebuild the earnings capacity in the Technical Division. The company expects that division earnings can improve by DKK 30–40 million per year and that the full impact of the plan will feed through in 2009.

DKK MILLION	2007	2006	2005	2004	2003
REVENUE	1,591.3	1,318.3	1,132.5	946.8	765.1
EBITDA	188.4	172.2	161.0	177.9	157.6
EBIT	50.5	59.2	77.0	96.6	99.7
PROFIT BEFORE TAX	5.1	32.8	61.6	76.4	91.0
TOTAL ASSETS	1,702.0	1,795.9	1,501.1	1,200.0	928.0
EQUITY	520.7	517.3	566.3	506.5	382.0

REVENUE PERFORMANCE





The key elements of the plan are to eliminate unprofitable business activities through price increases and to enhance the competitive strength by modernising the production platform by means of an investment of about DKK 130 million in two new production lines. The two lines will be placed in Denmark and the Czech Republic and both are expected to be fully operational from mid-2008.

The Technical Division's overall revenue was up by 9% to DKK 583 million, of which DKK 191 million was generated in the Czech Republic.

PRODUCT DEVELOPMENT

It is important that Fibertex retains its position as technology leader. The company gives key priority to innovation and product development in close collaboration with customers and to being focused on customer requirements.

At the beginning of 2008, Fibertex took part in establishing Innowo Print, through which the company will be able to market products with images and prints directly on nonwovens. Initially, this is expected to be a niche area, but it will help to differentiate Fibertex in the market.

Together with the two Danish universities of Aarhus and Aalborg, Fibertex has been a part of a project on the use of nanotechnology in nonwovens. Fibertex expects the project, which is also supported by the Danish National Advanced Technology Foundation, to produce its initial results during 2008. It is still uncertain, however, when nanotechnology can be used commercially on a large scale.

OUTLOOK

Both the Personal Care Division and the Technical Division plan to increase their capacity utilisation rates in 2008. A number of steps have been taken to lift volumes and refocus on high-margin products, and major initiatives have been launched to cut the shared costs of the two divisions.

Fibertex expects to lift Technical Division earnings as 2008 progresses, but that scenario requires a speedy and trouble-free running-in of the two new lines.

Both divisions will continue the hard work to enhance production efficiency, while retaining the high level of product quality. Fibertex is believed to be strongly positioned in terms of both technology and geographical locations and the company has good relations with its principal customers.

Against this background, Fibertex expects to generate revenue of approximately DKK 1.7 billion and a profit before tax of around DKK 30 million in 2007.

BIOMAR

BIOMAR SUPPLIES QUALITY FEED TO FISH FARMS SUCH AS HJARNØ HAVBRUG A/S, WHICH OPERATES A STATE-OF-THE-ART FISH FARM IN THE HORSENS FJORD INLET ON THE EAST COAST OF JUTLAND AND FACILITIES IN THE TOWN OF SNAPTUN FOR PROCESSING FARMED FISH.

FACTS ABOUT BIOMAR

BIOMAR IS THE WORLD'S THIRD-LARGEST MANUFACTURER OF QUALITY FEED FOR THE FISH FARMING INDUSTRY. THE CORE BUSINESS AREAS ARE FEED FOR SALMON AND TROUT AS WELL AS FOR FRESHWATER TROUT, SEA BASS AND SEA BREAM IN CONTINENTAL EUROPE.

BIOMAR IS HEADQUARTERED IN AARHUS, DENMARK AND OPERATES PRODUCTION FACILITIES IN NORWAY, THE UK, DENMARK, FRANCE, SPAIN, GREECE AND CHILE.

CORE MARKETS: EUROPE AND SOUTH AMERICA.

ABOUT 800 EMPLOYEES.

FINANCIAL PERFORMANCE

While both the climatic conditions and market conditions for BioMar's customers were very favourable in 2006, BioMar's market conditions were much more subdued in 2007.

Revenue improved by 12.3% from DKK 3,273.8 million in 2006 to DKK 3,676.6 million in 2007. The gain was driven partly by higher selling prices resulting from increases in raw materials prices and partly by increased volumes in all three of the company's geographical regions.

On the other hand, the profit from continuing operations before tax, i.e. excluding the contribution from the Sjøtroll Havbruk subsidiary, fell sharply from DKK 210.8 million in 2006 to DKK 127.9 million in 2007. The performance was in line with the most recent guidance.

The setback was to a large extent caused by temporary production shutdowns at a number of production sites due to expansion of the production capacity. During some periods, the output was unstable, resulting in lower efficiency, higher recipe costs and higher distribution costs due to finished goods being transported over large distances.

Profit from discontinuing operations, which is stated after tax, concerns Sjøtroll and comprised a 37.2% share of the profit after tax in Sjøtroll up to the end of Q1 2007, at which time BioMar increased its ownership interest to 50.9%. As from the end of Q1 2007, profit from discontinuing operations has thus comprised the entire profit after tax of Sjøtroll, of which a proportional share will subsequently be attributable to minority interests.

Profit from discontinuing operations amounted to DKK 19.5 million in 2007, of which DKK 12.0 million was attributable to minority interests in Sjøtroll in respect of the period after the end of Q1 2007. By way of comparison, BioMar recognised DKK 74.6 million from this item in its 2006 financial statements.

MARKET DEVELOPMENTS

Although BioMar faced less favourable terms in 2007 than in the previous year, the markets of the three regions the company addresses, the North Sea, Continental Europe and the Americas, continued to grow.

Fish prices, including salmon prices, did not reach the same high level in 2007 as was the case in 2006, pushing down profitability for BioMar's customers, including for the associate Sjøtroll.

The variations from 2006 to 2007 reflect the cyclical characteristics of the industry, but they do not have a fundamental impact on the expectations for its long-term potential.

PRODUCT DEVELOPMENT

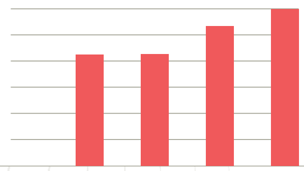
Research and development is the foundation for the recognition BioMar enjoys as an innovative supplier of competitive products.

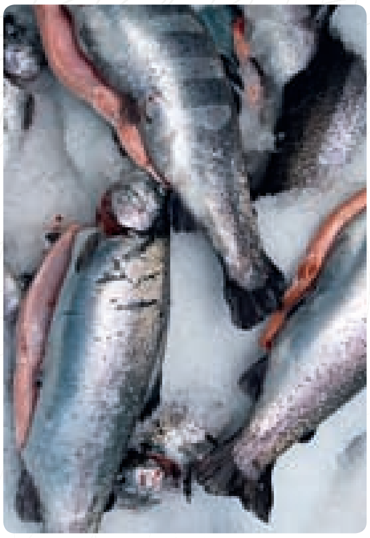
BioMar is working constantly to improve product properties, so as to optimise growth, quality and health in the fish while minimising the environmental impact.

The company makes a dedicated effort to optimise recipes. Testing and

DKK MILLION	2007	2006	2005	2004	2003
REVENUE	3,676.6	3,273.8	2,622.1	2,603.5	-
EBITDA	248.5	312.9	210.4	123.6	-
EBIT	162.8	231.9	124.3	27.1	-
PROFIT BEFORE TAX	127.9	210.8	176.2	34.0	-
TOTAL ASSETS	3,085.0	1,949.6	1,761.0	1,882.8	-
EQUITY	1,404.1	967.4	835.9	1,254.5	-

REVENUE PERFORMANCE





implementing of new raw materials is the means of ensuring the most cost effective and environmentally sustainable composition of raw materials.

BUSINESS DEVELOPMENT

In 2006, BioMar completed an extensive strategic process resulting in a new two-stage strategy: Going for Global Growth. The first stage involves creating the right foundation for growth and the second stage is to step up business development and R&D.

The strategy was launched in 2007 and provided important background support to BioMar when the company agreed to acquire Provimi's fish feed operations in Chile, Denmark and Spain in November 2007.

The acquisition has subsequently received the approval of the competition authorities and was finalised to the effect that the new operations have been recognised in BioMar's financial statements as from February 1, 2008.

Through the acquisition, BioMar has substantially strengthened its assortment of complementary products across fish species, life cycles and feed strategies.

The total price of the acquired businesses was DKK 674 million on a debt-free basis. The acquired activities are expected to generate 2008 revenue of approximately DKK 1.3 billion and will confirm BioMar's position as the world's third-largest supplier of quality feed for the fish farming industry.

OUTLOOK

BioMar will have a big challenge in 2008 of successfully integrating the businesses acquired from Provimi. Requiring special attention will be to achieve good utilisation of the overall production plant, and the employees of the acquired businesses will also need to be integrated as a valuable element of the overall BioMar organisation.

The general market conditions in 2008 are not expected to deviate very much from 2007, but production irregularities resulting from the temporary shutdowns of production sites are not expected to reoccur in 2008.

At the end of 2007, BioMar agreed to divest a minor stake in Aqua Gen A/S with effect from 2008. The transaction will contribute about DKK 38 million to the 2008 financial results.

Accordingly, inclusive of the acquisition of the fish feed businesses from Provimi, BioMar forecasts 2008 revenue exceeding DKK 5 billion and a profit before tax from continuing operations, i.e. net of the profit from Sjøtroll, in the range of DKK 200-220 million.

A sales process involving the equity stake in Sjøtroll has been initiated. Accordingly, there can be no assurance as to for how much of the 2008 financial year the company will recognise a share of the profit in Sjøtroll.

XERGI

IN 2007, XERGI HANDED OVER THE WORLD'S LARGEST BIOGAS RESEARCH PLANT TO THE FACULTY OF AGRICULTURAL SCIENCES AT THE UNIVERSITY OF AARHUS AT FOULUM, JUTLAND, WHICH IS ALSO THE LOCATION FOR XERGI'S PROCESS DEVELOPMENT ACTIVITIES.

FACTS ABOUT XERGI

XERGI IS A SUPPLIER AND OPERATOR OF TURNKEY ENERGY SYSTEMS AND HAS MORE THAN 20 YEARS' OPERATIONAL AND MAINTENANCE EXPERIENCE FROM WORKING WITH THESE SYSTEMS. XERGI IS OWNED ON A FIFTY/FIFTY BASIS BY SCHOUW & CO. AND DALGASGROUP.

XERGI'S HEAD OFFICE IS IN STØVRING, SOUTH OF AALBORG, DENMARK

CORE MARKETS: EUROPE AND THE USA.

ABOUT 70 EMPLOYEES.

FINANCIAL PERFORMANCE

It was a challenging year for Xergi in 2007, as market conditions proved to be more difficult than had been expected, especially in Denmark and Germany.

Revenue was DKK 142.1 million, down from DKK 166.9 million in 2006, which was slightly less than expected at the beginning of the year. The drop was due to fewer orders won in Denmark, Germany and the Netherlands.

Xergi reported a loss of DKK 6.2 million in 2007 against a profit of DKK 5.7 million in 2006. DKK 3.1 million of the loss before tax has been recognised in Schouw & Co.'s consolidated accounts.

The financial results for the year were in line with the most recent guidance, but were somewhat lower than indicated at the beginning of the year. The financial results were based on lower-than-expected revenue, while product development and market canvassing were at the planned levels. Against these circumstances, the performance is considered to be acceptable.

MARKET DEVELOPMENTS

Energy and environmental issues were the subject of substantial political attention throughout most of the world in 2007, and many countries are now working to improve the framework conditions for renewable energy.

As a result, improvements to the framework conditions for setting up biogas plants should be expected in the next few years, but conditions came under severe pressure in several of Xergi's core markets in 2007.

The Danish biogas industry has been stagnant in the last few years due to poor framework conditions, especially due to an inadequate settlement price to electricity producers. Political approval of a new set of framework conditions had been anticipated in the first half-year of 2007, but approval had still not been achieved by the end of the year, which means that the Danish market remained in an unsettled situation.

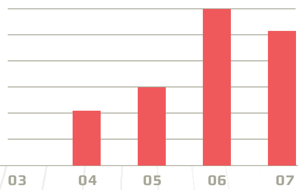
In the Netherlands, where Xergi built a 5 MW biogas plant in 2007, the company encountered a stop to new orders due to amendments to framework conditions in the market. In addition, at the beginning of the year, there was a strong decline in activity in the otherwise highly active German market resulting from rising prices of energy crops, which is an important factor in this market.

Xergi continues to work its core markets and has increased the dedicated efforts in those European markets that offer a promising outlook for the years ahead. The company expects to set up operations in two new European markets in 2008.

Strong activity continued to characterise the USA. In this market, Xergi operates through a license partner that recently opened what is probably the world's largest manure-based biogas plant. The plant supplies upgraded biogas to the Texas natural gas grid. Xergi's business partner has concluded a master agreement to supply upgraded biogas RNG (Renewable Natural Gas) to Pacific Gas & Electric, a nation-wide distributor in the USA.

DKK MILLION	2007	2006	2005	2004	2003
REVENUE	142.1	166.9	82.7	57.9	-
EBITDA	(5.4)	6.4	(1.5)	(5.3)	-
EBIT	(6.8)	3.8	(3.4)	(7.9)	-
PROFIT BEFORE TAX	(6.2)	5.7	(3.8)	(8.0)	-
TOTAL ASSETS	101.9	161.6	60.5	43.8	-
EQUITY	43.4	48.7	14.1	17.4	-

REVENUE PERFORMANCE



PRODUCT DEVELOPMENT

Xergi continued to develop its modular biogas concept in 2007, building knowledge and skills about all important aspects of biogas production, including pre-treatment system, process management and separation technology.

In a special initiative to strengthen efforts in the biological field, Xergi signed an agreement with Novozymes in June 2007 for the development of microorganisms, which can contribute to optimising biogas production processes.

At the end of October 2007, the University of Aarhus inaugurated the world's largest test facility for biogas production. Built by Xergi for the Faculty of Agricultural Sciences at Research Centre Foulum, the test facility is one of the most flexible biogas test plants in the world, offering new opportunities to develop processes, methodologies and equipment.

Xergi has a development department at the Agro Business Park in Foulum and will benefit from the new full-scale testing facility. In addition, Xergi has invested in two down scale prototype facilities for research purposes, which are also located at Foulum.

OUTLOOK

Xergi will remain in a development phase over the next few years, and will have to continue working the markets and pursuing product development, regardless of the possibility that sales opportunities may fluctuate in individual markets over a short term horizon.

The company achieves a certain degree of risk diversification by working several different markets in Europe, and the steadily growing project pipeline serves to enhance the potential for building more stable order inflows in the biogas field. For example, Xergi won its first biogas order in Belgium at the beginning of 2008.

Xergi continues its other activities concurrently with these projects, including the long-standing partnership with Woking Borough Council in the UK, which enables the company to retain its skills and know-how in areas that also relate to biogas. In 2008, Xergi expects to expand the power and heat supply in Milton Keynes further in collaboration with Woking Borough Council.

Xergi expects to incur a loss of up to DKK 10 million in 2008 on revenue of approximately DKK 150 million.

FINANCIAL REVIEW

The financial review contains the management's comments on the consolidated financial statements for 2007 and the accounting policies.

ACCOUNTING POLICIES

The annual report of Schouw & Co. for 2007 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 OMX Nordic Exchange Copenhagen 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 Danish kroner.

RECLASSIFICATION AND SPECIFICATION OF ACCOUNTING POLICIES

The ongoing review of our accounting policies resulted in an addition relating to discontinuing operations being made in 2007, as a result of which a few items have been reclassified.

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

ACQUISITIONS AND DIVESTMENTS

At the beginning of 2007, Grene Poland acquired Agroma Opole, a Polish company trading in agricultural products, at a price of DKK 7.7 million. A review of the balance sheet in connection with the acquisition identified that the carrying amount of the acquired net assets exceeded the price by an amount of DKK 2.7 million. Pursuant to the accounting policies, the negative goodwill has been recognised under "Other operating income".

At the beginning of 2007, the Group held a 37.2% interest in the Norwegian fish farming company Sjøtroll Havbruk AS. Following the acquisition of additional shares on March 31, 2007, the ownership interest was increased to 50.9%, causing Sjøtroll to be included in the consolidation. The stake producing a majority ownership interest was acquired for approximately DKK 184 million. Immediately after the majority stake had been acquired, it was announced that the company was for sale, for which reason the Sjøtroll assets and liabilities are presented separately in the balance sheet under "Assets held for sale" and "Liabilities associated with assets held for sale". Sjøtroll's financial results are recognised in the income statement under the item "Profit for the year from discontinuing operations", as detailed below.

In April 2007, Sjøtroll sold its 24.3% stake in Hjaltland Seafarms for approximately DKK 105 million. Sjøtroll achieved a tax-free gain of approximately DKK 55 million on the sale. As part of a review of the balance sheet to identify adjustments in connection with the acquisition of additional shares in Sjøtroll, the stake in Hjaltland Seafarms was adjusted to fair value and revalued to the selling price. Accordingly, the divestment will not impact the consolidated profit.

In November 2007, BioMar announced that it had agreed to acquire Provimi's fish feed activities in Chile, Denmark and Spain. The companies involved generated in 2007 revenue of DKK 1.2 billion in aggregate, and the transaction was subject to the approval of the competition authorities. Such approval was obtained at the end of January 2008, and the transaction took effect from the date of approval. See the section "Events after the balance sheet date" on page 10.

In December 2007, BioMar agreed to divest its 5.2% stake in Aqua Gen A/S with effect from 2008. As the transaction was finalised in the first quarter of 2008, the DKK 37.5 million gain will be recognised under financial income in the income statement at such time. It should be noted that the stake has been adjusted to fair value on the basis of the agreed selling price. The DKK 37.5 million fair value adjustment was recognised directly in equity at December 31, 2007.

Schouw & Co. did not divest any Vestas shares in 2007. Accordingly, the stake was unchanged at 4,800,000 shares throughout 2007, unlike in 2006 when shares worth DKK 249.0 million were sold. The total value adjustment for the year of DKK 1,466.8 million has been recognised under financial income.

CONSOLIDATED INCOME STATEMENT

REVENUE

Consolidated revenue was up by DKK 780 million from DKK 7,370 million in 2006 to DKK 8,150 million. The 2006 revenue included DKK 296.8 million from the divested packaging operations. Adjusted for the packaging revenue, the consolidated revenue improved by DKK 1,077 million, equal to 15.2%, the bulk of which was organic.

The total increase of DKK 1,077 million was driven by substantial improvements in the four major business areas. BioMar and Fibertex reported improvements of DKK 403 million and DKK 273 million, respectively, in both cases largely driven by higher selling prices caused by higher raw materials prices. Grene and Martin contributed revenue improvements of DKK 263 million and DKK 145 million, respectively, most of which was based on volume improvements. The 50%-owned subsidiary Xergi reported a minor decline of DKK 12 million caused by difficult selling conditions for biogas-based energy plants.

OPERATING PROFIT (EBIT)

Operating profit (EBIT) was DKK 438.8 million, a decline of DKK 32.7 million from DKK 471.5 million in 2006. However, the 2006 EBIT included DKK 33.8 million from the share of the profit of the divested packaging operations, lower pension provisions in BioMar of DKK 30 million and a DKK 12.6 million gain in Grene Poland from the sale of property. Adjusted for these factors in 2006, EBIT rose by 11%

from DKK 395.1 million in 2006 to DKK 438.8 million in 2007. However, the overall improvement consists of improvements as well as declines.

Martin was a major contributor, reporting a DKK 62.6 million EBIT improvement, strongly driven by the higher revenue. It should be noted, however, that Martin's EBIT included DKK 8.2 million from a competitor that had violated Martin's intellectual property rights. Adjusted for the gain from the sale of property in 2006, Grene reported a DKK 33.8 million EBIT improvement in 2007. Adjusted for lower pension provisions in 2006, BioMar's contribution to consolidated EBIT fell by DKK 33.2 million, mainly due to costs of expanding production capacity and rising raw materials prices. Due to generally difficult market conditions, Fibertex reported an DKK 8.7 million drop in EBIT. The remaining group companies realised a net aggregate EBIT decline of DKK 10.8 million.

INCOME FROM INVESTMENTS IN ASSOCIATES

Investments in associates after tax produced a net loss of DKK 3.0 million against an income of DKK 78.8 million in 2006. Income from associates in 2007 comprised the following main items (DKK million):

Incuba A/S	(4.4)
Associates, Martin	1.1
Associates, Grene	0.3
Total	(3.0)

In 2006, BioMar's associate, Sjøtroll, contributed DKK 74.6 million. With BioMar's stake in Sjøtroll having been put up for sale, the share of the profit in 2007 is recognised in the income statement under "Profit from discontinuing operations".

Incuba's operations contributed a loss after tax of DKK 4.4 million compared with a profit after tax of DKK 4.9 million in 2006. Incuba reported an overall loss of DKK 8.7 million against a profit of DKK 9.5 million in 2006. Martin contributed DKK 1.1 million from its share of the profit in its 46.2%-owned sales associate in Hong Kong.

FINANCIAL ITEMS

The Group's financial items amounted to a net income of DKK 1,330.3 million, compared with DKK 589.5 million in 2006. The DKK 740.8 million improvement in net financial items was primarily due to value adjustments on the Group's holding of Vestas shares. Value adjustment of Vestas shares produced a DKK 1,466.8 million gain in 2007, compared with DKK 692.4 million in 2006. The capital gain in 2006 included a realised capital gain of DKK 30.8 million. Calculated net of the effect of the holding of Vestas shares, net financial expenses increased by DKK 33.6 million to DKK 136.5 million. The increase in net financial expenses was due to the higher net interest-bearing debt combined with the rising level of interest rates.

PROFIT FROM DIVESTMENT OF EQUITY INVESTMENTS

Profit from the divestment of equity investments amounted to DKK 0.0 million in 2007, compared with DKK 282.9 million in 2006, which amount included Schouw & Co.'s gain from the sale of the packaging businesses. No equity investments were divested in 2007. It should be noted, however, that BioMar agreed in December 2007 to divest a 5.2% stake in AquaGen effective 2008. See "Acquisitions and divestments".

INCOME TAX

The tax charge on the profit for the year was DKK 102.4 million, against DKK 107.9 million in 2006. The effective tax rate for the year was 5.8%, mainly because the DKK 1,466.8 million value adjustment of the Vestas shareholding was tax-free.

The adjustment of deferred tax assets relating to BioMar had a negative impact of DKK 30.6 million on the tax charge for the year. On the other hand, the drop in the Danish corporate tax rate from 28% to 25% had a positive effect of DKK 4.5 million on the adjustment of deferred tax at January 1, 2007.

Excluding the special impact on deferred tax in 2007 and adjusted for tax-free value adjustments and the profit from the divestment of equity investments, etc., the effective tax rate was 25.3% compared with 29.5% in 2006.

PROFIT FROM DISCONTINUING OPERATIONS

The profit from discontinuing operations included the share of profit in Sjøtroll. The share of the profit consisted of 37.2% of the profit after tax from the beginning of the year until March 31, 2007, after which date the full profit after tax is recognised with subsequent proportionate distribution to minority interests. The ownership interest produced a profit after tax but before minority interests of DKK 19.5 million, which amount is distributed by DKK 5.2 million attributable to the shareholders of Schouw & Co. and DKK 14.3 million to the minority shareholders of Sjøtroll and BioMar.

CONSOLIDATED BALANCE SHEET

ASSETS

The Schouw & Co. Group's total assets amounted to DKK 10,316 million at December 31, 2007 compared with DKK 7,466 million at December 31, 2006. The bulk of the DKK 2,850 million increase resulted from value adjustments of the holding of Vestas shares and the consolidation of Sjøtroll under discontinuing operations.

Intangible assets were up by DKK 35 million, due exclusively to the capitalisation of development projects. Martin's net contribution of DKK 33 million made up most of the increase.

Property, plant and equipment was reduced by DKK 8 million and involved major investments in new assets and depreciation of existing plant and equipment. The Group invested DKK 309 million, of which DKK 141 million derived from additions in BioMar related to the expansion and upgrading of production plant, primarily in Norway. Grene's investments totalled DKK 79 million, of which DKK 23 million related to property.

FINANCIAL REVIEW

Finally, Fibertex invested DKK 61 million to expand its production capacity in Aalborg. Of the remaining investments of DKK 28 million, DKK 21 million was made by Martin.

In financial assets, investments in associates fell from DKK 289 million to DKK 68 million. The DKK 221 million drop was due mainly to the reclassification of the DKK 215 million stake in Sjøtroll to assets held for sale.

Securities increased by DKK 1,491 million, mainly due to the DKK 1,467 million value adjustment of the holding of Vestas shares.

Current assets increased by DKK 387 million, of which inventories and receivables were up by DKK 206 million and DKK 81 million, respectively. Martin and Grene accounted for DKK 95 million and DKK 94 million, respectively, of the increase in inventories. Much of the growth in inventories and receivables was due to a general increase in business activity and revenue in all business areas. The Group's cash and cash equivalents amounted to DKK 227 million at December 31, 2007. Cash and cash equivalents increased by DKK 72 million during the year, mainly in BioMar.

ASSETS HELD FOR SALE

Assets held for sale amounted to DKK 1,251.5 million at December 31, 2007, comprising the assets in Sjøtroll of DKK 1,151.6 million with added goodwill of DKK 99.9 million. Goodwill arose on the acquisition in March 2007 of the stake producing a majority ownership interest.

TREASURY SHARES

In 2007, Schouw & Co. disposed of 100,822 shares for the Group's employee share scheme and option programme. In addition, Schouw & Co. acquired 251,630 treasury shares at a total value of DKK 115.3 million. At December 31, 2007, Schouw & Co. held 928,734 treasury shares, corresponding to 7.45% of the share capital. The portfolio of treasury shares is recognised at DKK 0.

LIABILITIES AND EQUITY

The Group's overall debt increased by DKK 449 million to DKK 4,073 million at December 31, 2007, of which interest-bearing debt amounted to DKK 2,868 million compared with DKK 2,227 million at December 31, 2006. The bulk of the increase in interest-bearing debt was the result of total investments of DKK 708 million in 2007. See "Cash flow statement" below.

Consolidated equity including minorities increased by DKK 1,800.1 million during 2007. Exchange rate adjustments in foreign subsidiaries had an adverse impact of DKK 21.1 million on equity. 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 240.8 million. On the other hand, minority interests were up by DKK 288.4 million, due mainly to the addition of minority interests from Sjøtroll. After giving effect to the profit for the year of DKK 1,683.2 million, Schouw & Co.'s equity including minority interests amounted to DKK 5,641.5 million at December 31, 2007, up from DKK 3,841.4 million a year earlier.

LIABILITIES RELATING TO ASSETS HELD FOR SALE

Liabilities relating to assets held for sale, amounting to DKK 601.5 million, exclusively involved liabilities relating to Sjøtroll. The difference from the amount of assets held for sale consists of the equity in Sjøtroll plus the carrying amount of goodwill.

CASH FLOW STATEMENT

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

Cash flows from operations fell by DKK 138.9 million to DKK 281.4 million from DKK 420.3 million in 2006. Compared with 2006, cash flows from operations (operating profit) only fell by DKK 66.1 million. Finally, net financial items and taxes paid in 2007 had an aggregate impact of DKK 77.8 million more than in 2006.

Total investments paid during 2007 amounted to DKK 708.1 million, comprising investments in property, plant and equipment in the net amount of DKK 294.9 million, which was largely made up of capacity increasing investments in BioMar, Grene and Fibertex. In addition, the acquisition and payment of additional shares in Sjøtroll, a 40% minority stake in Fibertex Nonwovens Sdn. Bhd., Malaysia and the acquisition of a small business and securities amounted to DKK 352.5 million in aggregate. Finally, DKK 60.7 million was invested in intangible assets, mainly involving capitalised development costs in Martin.

By way of comparison, investing activities for 2006 were a positive amount of DKK 182.1 million. In other words, the Group sold assets in excess of cash investments made. The main reason for the positive amount was the divestment of the packaging businesses and sale of securities for a total amount of DKK 754.0 million.

As part of the funding of the major investments made, debt was increased in 2007 by a net amount of DKK 629.1 million, whereas in 2006, this item was reduced by DKK 667.7 million. Cash flows from financing activities were an inflow of DKK 444.6 million, as a total of DKK 184.5 million was used for dividend payments and purchases of treasury shares.

Cash and cash equivalents at year end, comprising bank deposits, increased by DKK 77.0 million to stand at DKK 232.2 million at December 31, 2007. The increase is of a temporary nature and cash and cash equivalents is expected to fall by a substantial amount at the beginning of 2008. Cash and cash equivalents at December 31, 2007 of DKK 232.2 million included assets held for sale amounting to DKK 5.1 million.

ACCOUNTING POLICIES

The annual report of Schouw & Co. for 2007 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 OMX Nordic Exchange Copenhagen 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 accounting policies are unchanged from last year. This year's accounting policies include a description of the new line items "Discontinuing operations" and "Assets held for sale".

The annual report is presented in Danish kroner.

BASIS OF PRESENTATION

BASIS OF 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. Enterprises in which the Group exercises significant influence but not control are classified as associates. 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 companies are recognised in the consolidated financial statements from the date of acquisition. Companies divested or wound up 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. Discontinuing operations are presented as a separate item. See below.

The purchase 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 January 1, 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 January 1, 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 December 31, 2003. Goodwill is not amortised after January 1, 2004. Goodwill recognised in the opening balance sheet has been tested for impairment at January 1, 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 sum or the proceeds from the winding-up and the carrying amount of net assets, including goodwill, at the date of disposal net of expenses for selling or winding-up.

FOREIGN CURRENCY TRANSLATION

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

On initial recognition, transactions denominated in foreign currency are translated at 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

ACCOUNTING POLICIES

statement under financial income or financial expenses.

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

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 costs to sell 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.

Impairment write-downs of goodwill are 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 hedge transaction 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.

TAX ON PROFIT FOR THE YEAR

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

ACCOUNTING POLICIES

tax deduction exceeding the accounting cost is recognised directly in equity.

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 three to seven years. The basis of amortisation 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
Leasehold improvements	5-10 years
Rental equipment	1-3 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 losses. 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 Group's accounting policies with the deduction or addition of the proportionate share of unrealised intra-group gains and losses and with the addition of the carrying 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.

Cost is written down 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).

For securities for which changes in fair value are regularly monitored, value adjustments are recognised under financial items in the income statement when they occur.

Securities for which the fair value is not regularly monitored are classified as available for sale. Securities are measured at fair value and value adjustments are taken to equity. On realisation, accumulated value adjustments are taken from equity to financial items in the income statement.

INVENTORIES

Inventories are measured at cost in accordance with 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 is determined having regard to marketability, obsolescence and expected selling price movements.

RECEIVABLES

Receivables are measured at amortised cost. Receivable 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 include expenses paid in respect of subsequent financial years.

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 declared 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 exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies into Danish kroner.

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

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

ACCOUNTING POLICIES

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.

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 considered 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 other non-current assets at the value 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 in 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 are recognised in respect of loss-making contracts 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.

ACCRUALS AND DEFERRED INCOME

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

ASSETS HELD FOR SALE

Assets held for sale comprise non-current assets and disposal groups held for sale. A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities regarding assets held for sale are liabilities directly associated with those assets that will be transferred in the transaction. Assets are classified as "held for sale" if their carrying amount will be recovered principally through a sale transaction within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups held for sale are measured at the lower of the carrying amount at the date when the assets were classified as held for sale and fair value less costs to sell. Assets are not depreciated or amortised as from the date they are classified as "held for sale".

PRESENTATION OF DISCONTINUING OPERATIONS

Discontinuing operations form a substantial part of a business if its activities and cash flows can be clearly distinguished, operationally or for financial reporting purposes, from the rest of the entity and where the entity has either been divested or separated out as held for sale and such sale pursuant to a formal plan is expected to take place within 12 months. Discontinuing operations also comprise entities which in relation to an acquisition have been classified as "held for sale".

Profit on discontinuing operations after tax and value adjustments of related assets and liabilities after tax and gains/losses from a sale are reported under a separate line item with comparable figures in the income statement.

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 based on the Group's risks and its management and internal financial reporting system. 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. Unallocated items mainly comprise assets and liabilities as well as income and costs relating to the Group's administrative functions, investing activities, income tax, etc.

Long-term assets in a segment comprise long-term 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 liabilities 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 Society of Financial Analysts.

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

Return on equity	$\frac{\text{Profit for the year ex. minorities}}{\text{Average equity ex. minorities}}$
Return on invested capital (ROIC)	$\frac{\text{EBITA ex. goodwill impairment}}{\text{Avg. invested capital ex. goodwill}}$
Equity ratio	$\frac{\text{Equity at year end}}{\text{Total liabilities and equity at year end}}$
Earnings per share (EPS)	$\frac{\text{Profit for the year ex. minorities}}{\text{Average number of shares in circulation}}$
Diluted earnings per share (EPS-D)	$\frac{\text{Diluted earnings ex. minorities}}{\text{Diluted average number of shares in circulation}}$
Net asset value per share	$\frac{\text{Equity at year end ex. minorities}}{\text{Number of shares at year end ex. treasury shares}}$
Price/net asset value (P/NAV)	$\frac{\text{Market value at year end}}{\text{Equity ex. minorities at year end}}$
Price Earnings ratio (PE)	$\frac{\text{Share price at year end}}{\text{Earnings per share}}$
Market value	Number of shares ex. treasury shares x share price

CONSOLIDATED INCOME STATEMENT

JANUARY 1 - DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
1, 2	**REVENUE**	8,150.3	7,370.2
3	Cost of sales	(6,457.0)	(5,795.5)
	GROSS PROFIT	1,693.3	1,574.7
5	Other operating income	17.6	21.1
3	Distribution costs	(917.3)	(808.2)
3, 4	Administrative expenses	(352.5)	(313.6)
5	Other operating expenses	(2.3)	(2.5)
	OPERATING PROFIT	438.8	471.5
6	Income from investments in associates after tax	(3.0)	4.2
7	Profit from divestment of equity investments	0.0	282.9
8	Financial income	1,498.4	728.9
9	Financial expenses	(168.1)	(139.4)
	PROFIT BEFORE TAX	1,766.1	1,348.1
10	Tax on profit for the year	(102.4)	(107.9)
	PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	1,663.7	1,240.2
31	Profit for the year from discontinuing operations	19.5	74.6
	PROFIT FOR THE YEAR	1,683.2	1,314.8
	ATTRIBUTABLE TO		
	Shareholders of Schouw & Co.	1,652.5	1,240.3
	Minority interests	30.7	74.5
		1,683.2	1,314.8
11	Earnings per share (DKK)	141.48	105.51
11	Diluted earnings per share (DKK)	140.90	105.11
11	Earnings per share from continuing operations (DKK)	141.03	101.14
11	Diluted earnings per share from continuing operations (DKK)	140.45	100.76

	2007	2006
RECOGNISED COMPREHENSIVE INCOME FOR THE GROUP		
Exchange rate adjustment of foreign subsidiaries etc.	(15.4)	(18.1)
Value adjustment of hedging instruments recognised during the year	(0.1)	(7.7)
Value adjustment of securities available for sale	37.5	0.0
Revaluation of Sjøtroll on consolidation	17.6	0.0
Tax on items taken directly to equity	0.2	2.1
Net income recognised directly in equity	39.8	(23.7)
Profit for the year	1,683.2	1,314.8
TOTAL RECOGNISED COMPREHENSIVE INCOME	1,723.0	1,291.1
ATTRIBUTABLE TO		
Shareholders of Schouw & Co.	1,668.3	1,224.7
Minority interests	54.7	66.4
	1,723.0	1,291.1

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
Note	**ASSETS**		
	NON-CURRENT ASSETS		
3, 12	**INTANGIBLE ASSETS**		
	Goodwill	502.5	502.3
	Patents and licences	1.0	1.5
	Completed development projects	55.6	52.4
	Development projects in progress	49.7	17.4
		608.8	573.6
3, 13	**PROPERTY, PLANT AND EQUIPMENT**		
	Land and buildings	1,154.8	1,120.3
	Leasehold improvements	5.7	5.5
	Plant and machinery	1,230.4	1,219.3
	Rental equipment	1.0	3.4
	Other fixtures, tools and equipment	96.2	74.4
	Assets under construction, etc.	76.4	149.7
		2,564.5	2,572.6
	OTHER NON-CURRENT ASSETS		
6	Equity investments in associates	67.8	288.9
14	Securities	2,668.3	1,177.5
19	Deferred tax	33.2	115.6
	Receivables	24.4	26.4
		2,793.7	1,608.4
	TOTAL NON-CURRENT ASSETS	5,967.0	4,754.6
	CURRENT ASSETS		
15	Inventories	1,415.1	1,208.9
16	Receivables	1,392.0	1,310.8
17	Construction contracts	0.7	21.1
	Prepayments	17.2	15.2
14	Securities	45.8	0.0
30	Cash and cash equivalents	227.1	155.2
	TOTAL CURRENT ASSETS	3,097.9	2,711.2
31	Assets held for sale	1,251.5	0.0
	TOTAL ASSETS	10,316.4	7,465.8

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
	LIABILITIES AND EQUITY		
18	**EQUITY**		
	Share capital	124.7	124.7
	Hedge transaction reserve	(5.6)	(5.6)
	Exchange adjustment reserve	(7.7)	13.4
	Fair value adjustment reserve	25.8	0.0
	Retained earnings	4,760.4	3,253.3
	Proposed dividend	74.8	74.8
	Share of equity attributable to the parent company	4,972.4	3,460.6
	Minority interests	669.1	380.8
	TOTAL EQUITY	5,641.5	3,841.4
	LIABILITIES		
	LONG-TERM LIABILITIES		
19	Deferred tax	148.9	168.3
20	Pensions and similar liabilities	21.6	47.9
21	Provisions	14.0	15.9
22	Credit institutions	1,267.6	1,341.9
	Other liabilities	3.3	6.2
		1,455.4	1,580.2
	SHORT-TERM LIABILITIES		
22	Short-term portion of long-term debt	181.7	361.2
22	Credit institutions	1,419.1	523.7
17	Construction contracts	6.6	0.0
23	Trade payables and other payables	958.0	1,062.6
24	Income tax	23.6	79.8
21	Provisions	22.4	10.3
	Accruals and deferred income	6.6	6.6
		2,618.0	2,044.2
	TOTAL LIABILITIES	4,073.4	3,624.4
31	Liabilities associated with assets classified as held for sale	601.5	0.0
	TOTAL LIABILITIES AND EQUITY	10,316.4	7,465.8

25 Contingent liabilities and guaranties

32-36 Notes without reference

CONSOLIDATED CASH FLOW STATEMENT

JANUARY 1 - DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
	PROFIT BEFORE TAX	1,766.1	1,348.1
	Adjustment for operating items of a non-cash nature, etc.		
3	Depreciation and impairment losses	325.6	318.2
	Other operating items, net	10.2	(286.5)
	Provisions	(19.0)	(4.6)
	Income from investments in associates after tax	3.0	(5.0)
	Financial income	(1,498.4)	(728.9)
	Financial expenses	168.1	139.4
	Cash flows from operating activities before changes in working capital	755.6	780.7
26	Changes in working capital	(257.1)	(221.1)
	Cash flows from operating activities	498.5	559.6
	Interest income received	44.2	42.7
	Interest expenses paid	(178.7)	(144.1)
	CASH FLOWS FROM ORDINARY ACTIVITIES	364.0	458.2
24	Income tax paid	(82.6)	(37.9)
	CASH FLOWS FROM OPERATING ACTIVITIES	281.4	420.3
27	Purchase of intangible assets	(60.7)	(45.6)
	Sale of intangible assets	0.0	1.1
27	Purchase of property, plant and equipment	(305.9)	(517.7)
	Sale of property, plant and equipment	11.0	28.2
28	Acquisition of enterprises	(187.6)	(4.6)
	Acquisition of minority interests in subsidiaries	(135.5)	(15.2)
6	Acquisition of associates	0.0	(9.4)
29	Divestment of subsidiaries	0.0	496.5
	Purchase of securities	(32.2)	(0.2)
	Sale of securities	2.8	249.0
	CASH FLOWS FROM INVESTING ACTIVITIES	(708.1)	182.1
	Debt financing:		
	Repayment of long-term liabilities	(618.8)	(166.7)
27	Proceeds from incurring financial liabilities	352.5	233.7
	Increase (repayment) of debt to credit institutions	895.4	(734.7)
	Shareholders:		
	Dividend paid	(85.3)	(66.5)
	Purchase/sale of treasury shares, net	(99.2)	(35.4)
	CASH FLOWS FROM FINANCING ACTIVITIES	444.6	(769.6)
	CASH FLOWS FROM DISCONTINUING OPERATIONS	60.7	0.0
	CASH FLOWS FOR THE YEAR	78.6	(167.2)
	Cash and cash equivalents at January 1	155.2	323.6
	Value adjustment of cash and cash equivalents	(1.6)	(1.2)
30	**CASH AND CASH EQUIVALENTS AT DECEMBER 31**	232.2	155.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

1 **SEGMENT REPORTING**

ACTIVITIES - PRIMARY SEGMENT - 2007

	Grene	Martin	Fibertex	BioMar	Not allocated/ eliminations	Continuing activities	Discontinuing activities	Group
Revenue	1,624.1	1.172.6	1,591.3	3,676.6	85.7	8,150.3	497.5	8,647.8
Intra-group revenue	1.3	0.1	0.0	0.0	(1.4)	0.0	(228.8)	(228.8)
Revenue	1,625.4	1.172.7	1,591.3	3,676.6	84.3	8,150.3	268.7	8,419.0
Gross profit	533.1	375.3	258.5	504.6	21.8	1,693.3	92.2	1,785.5
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from investments in associates after tax	0.3	1.1	0.0	0.0	(4.4)	(3.0)	(5.0)	(8.0)
Profit for the year	97.1	55.8	18.4	43.8	1,448.6	1,663.7	19.5	1,683.2
Attributable to:								
Shareholders of Schouw & Co.	97.5	52.8	18.4	30.1	1,448.5	1,647.3	5.2	1,652.5
Minority interests	(0.4)	3.0	0.0	13.7	0.1	16.4	14.3	30.7
Segment assets	1,139.6	1,034.1	1,702.0	1,981.0	3,208.2	9,064.9	1,251.5	10,316.4
Segment liabilities	705.4	772.2	1,181.3	1,111.0	303.5	4,073.4	601.5	4,674.9
Cash flows from operating activities	4.5	39.7	104.5	153.8	(21.1)	281.4	7.6	289.0
Cash flows from investing activities	(82.0)	(72.0)	(197.7)	(349.3)	(7.1)	(708.1)	13.6	(694.5)
Cash flows from financing activities	67.8	21.4	89.7	245.7	20.0	444.6	39.5	484.1
Capital expenditure	84.4	72.8	64.3	140.5	7.3	369.3	51.8	421.1
Average number of employees	1,032	1,147	798	520	44	3,541	277	3,818

GEOGRAPHICAL - SECONDARY SEGMENT - 2007

	Denmark	Rest of Europe	Rest of world	Continuing activities	Discontinuing activities	Group
Revenue	1,264.6	5,360.3	1,525.4	8,150.3	268.7	8,419.0
Segment assets	5,940.9	2,184.8	939.2	9,064.9	1,251.5	10,316.4
Capital expenditure	187.4	136.2	45.7	369.3	51.8	421.1

Joint ventures are not included in the following amounts: Current assets DKK 38.7 million (2006: DKK 69.5 million), non-current assets DKK 12.3 million (2006: 11.3 DKK million), current liabilities DKK 28.6 million (2006: 55.7 DKK million), non-current liabilities DKK 0.6 million (2006: DKK 0.7 million), revenue DKK 71.0 million (2006: DKK 380.3 million) and costs DKK 74.4 million (2006: DKK 344.6 million). In 2007 Xergi A/S is the only joint venture. In 2006, joint ventures also included Elopak Denmark A/S og Elopak AB in addition to Xergi A/S.

ACTIVITIES - PRIMARY SEGMENT - 2006

	Grene	Martin	Fibertex	BioMar	Not allocated/ eliminations	Continuing activities	Discontinuing activities	Group
Revenue	1,360.8	1,027.2	1,318.3	3,273.8	390.1	7,370.2	0.0	7,370.2
Intra-group revenue	2.1	0.2	0.0	0.0	(2.3)	0.0	0.0	0.0
Revenue	1,362.9	1,027.4	1,318.3	3,273.8	387.8	7,370.2	0.0	7,370.2
Gross profit	435.8	297.1	244.7	506.4	90.7	1,574.7	0.0	1,574.7
Impairment losses	0.0	(3.7)	0.0	0.0	0.0	(3.7)	0.0	(3.7)
Income from investments in associates after tax	0.0	(0.6)	0.0	0.0	4.8	4.2	74.6	78.8
Profit for the year	81.4	13.2	17.3	133.9	994.4	1,240.2	74.6	1,314.8
Attributable to:								
Shareholders of Schouw & Co.	80.3	10.1	12.1	92.2	994.3	1,189.0	51.3	1,240.3
Minority interests	1.1	3.1	5.2	41.7	0.1	51.2	23.3	74.5
Segment assets	961.2	924.3	1,795.9	2,213.3	1,571.1	7,465.8	0.0	7,465.8
Segment liabilities	591.7	704.5	1,278.6	1,019.6	30.0	3,624.4	0.0	3,624.4
Cash flows from operating activities	89.0	113.5	60.8	241.9	(84.9)	420.3	0.0	420.3
Cash flows from investing activities	(98.3)	(39.5)	(236.8)	(119.2)	675.9	182.1	0.0	182.1
Cash flows from financing activities	20.5	(68.5)	185.0	(300.2)	(606.4)	(769.6)	0.0	(769.6)
Capital expenditure	96.7	55.6	270.7	120.8	62.5	606.3	0.0	606.3
Average number of employees	863	1,068	782	503	136	3,352	0	3,352

GEOGRAPHICAL - SECONDARY SEGMENT - 2006

	Denmark	Rest of Europe	Rest of world	Continuing activities	Discontinuing activities	Group
Revenue	1,208.1	4,856.8	1,305.3	7,370.2	0.0	7,370.2
Segment assets	4,371.4	2,101.7	992.7	7,465.8	0.0	7,465.8
Capital expenditure	436.6	134.1	35.6	606.3	0.0	606.3

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

2 **REVENUE**

	2007	2006
Sale of goods	8,079.3	7,271.7
Market value of work in progress	71.0	98.5
	8,150.3	7,370.2

3 **COSTS**

COST OF SALES

	2007	2006
Cost of sales for the year includes cost of goods sold of	(5,408.1)	(4,634.9)
Cost of sales for the year includes inventory impairments of	(16.5)	(43.7)

STAFF COSTS

	2007	2006
Remuneration to the Board of Directors of Schouw & Co.	(2.0)	(1.8)
Wages and salaries	(997.6)	(907.7)
Defined contribution pension plans	(63.5)	(61.5)
Defined benefit pension plans	0.0	32.8
Other social security costs	(60.0)	(70.0)
Share-based payment	(13.0)	(6.1)
Other staff costs	(21.6)	(19.4)
	(1,157.7)	(1,033.7)
Including staff costs capitalised and recognised in plant, machinery, inventories and development projects	43.0	28.3
	(1,114.7)	(1,005.4)

Staff costs include salaries and bonuses of DKK 7,4 million (2006: DKK 6.1 million), pension contributions of DKK 0.2 million (2006: DKK 0.2 million) and share-based payment of DKK 1.2 million (2006: 0.7 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 19,3 million (2006: DKK 19.4 million), pension contributions of DKK 1,0 million (2006: DKK 1.0 million) and share-based payment of DKK 3,5 million (2006: 3.2 million) to the registered executive managements of directly owned subsidiaries.

Severance payments of DKK 4,2 million were made to senior managers of the Schouw & Co. Group in 2007 (2006: DKK 2.2 million)

Staff costs are recognised as follows	2007	2006
Production	(559.4)	(522.8)
Distribution	(378.4)	(327.9)
Administration	(176.9)	(154.7)
	(1,114.7)	(1,005.4)
Average number of employees	3,541	3,352

Share-based payment is recognised as follows:	2007	2006
Production	(4.6)	(0.5)
Distribution	(2.2)	(0.8)
Administration	(6.2)	(4.8)
	(13.0)	(6.1)

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	Strike price	Fair value in DKK per option [1]	Fair value in total [1]
Granted in 2005	18,000	78,000	96,000	167.50	19.04	1.8
Granted in 2006	27,000	93,000	120,000	301.75	48.38	5.8
Outstanding options at January 1, 2007	45,000	171,000	216,000			
Exercised (from 2005 grant)	(18,000)	(78,000)	(96,000)			
Granted in 2007	24,000	86,000	110,000	451.75	54.69	6.0
Outstanding options at December 31, 2007	51,000	179,000	230,000			

[1] On the date of grant

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

3 **COSTS (CONTINUED)**

Since January 2003, Schouw & Co. has operated a share-based incentive programme comprising the Management and senior managers, including the executive managements of subsidiaries. A total of 96,000 options to buy shares in Schouw & Co. at a price of DKK 167.50 per share were exercised under the programme in 2007. The average market price on the exercise dates was DKK 424.36 per share.

In continuation of the share-based incentive programme, Schouw & Co. awarded, in March 2006, 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 301.75, equal to the market price of the shares at the time of grant plus a 3% premium per annum and adjusted for the increased dividend paid in respect of the 2006 financial year.

In addition, Schouw & Co. awarded, in March 2007, another 24,000 share options to members of the Management (two persons) and a total of 86,000 share options to other senior managers, including the executive management of subsidiaries (eleven persons). The share options are exercisable during a four-week period following the release of Schouw & Co.'s full-year profit announcement for the 2008 financial year at a strike price of DKK 451.75, equal to the market price of the shares at the time of grant plus a 4% 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 928,734 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 375,05 at December 31, 2007 (2006: DKK 243,79). 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 2006 grant and the 2007 grant are DKK 5.8 million and DKK 6.0 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:

	2006 grant	2007 grant
Expected volatility	31.75%	26.05%
Expected term	24 mo.	24 mo.
Expected dividend per share	DKK 3	DKK 6
Risk-free interest rate	3.25%	4.00%

The expected volatility is calculated on 12-month historical volatility based on average prices.

EMPLOYEE SHARES

In 2007, Schouw & Co. allocated 4,822 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. For the 2007 financial year employees have obtained a right to receive shares at a value at the date of grant of DKK 7.1 million, which amount is expensed in the income statement for 2007. The shares are held in blocked accounts until the end of the seventh calendar year following grant.

RESEARCH AND DEVELOPMENT COSTS	**2007**	**2006**
Research and development costs expensed and development costs incurred are shown below:		
Research and development costs incurred	(92.8)	(73.6)
Development costs recognised under intangible assets	60.2	34.8
Amortisation and impairment losses on recognised development costs	(24.3)	(23.0)
Research and development costs for the year recognised in the income statement	(56.9)	(61.8)

DEPRECIATION/AMORTISATION AND IMPAIRMENT		
Amortisation of intangible assets	(25.1)	(20.5)
Impairment of intangible assets	0.0	(4.2)
Depreciation of property, plant and equipment	(300.5)	(293.2)
Impairment of property, plant and equipment	0.0	(0.3)
	(325.6)	(318.2)
Depreciation/Amortisation and impairment is recognised in the income statement as follows:		
Production	(276.4)	(271.6)
Distribution	(24.9)	(20.8)
Administration	(24.3)	(25.0)
Goodwill impairment in associates	0.0	(0.8)
	(325.6)	(318.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
4	**FEES TO AUDITORS APPOINTED BY THE GENERAL MEETING**		
	Audit fees, KPMG	4.1	4.2
	Non-audit fees, KPMG	0.6	0.4
	Fees for tax- and VAT-related services, KPMG	0.5	0.5
	Fees for other services, KPMG	0.7	1.2
	TOTAL FEE, KPMG	5.9	6.3
	Audit fees, other accountants	2.5	2.5
	Non-audit fees, other accountants	0.4	0.3
	Fees for tax- and VAT-related services, other accountants	1.1	1.5
	Fees for other services, other accountants	0.2	0.8
	TOTAL FEES, OTHER ACCOUNTANTS	4.2	5.1
5	**OTHER OPERATING INCOME AND COSTS**		
	Gains on the disposal of property, plant and equipment and intangible assets	2.2	19.8
	Government grants	4.0	1.3
	Other operating income	11.4	0.0
	TOTAL OTHER OPERATING INCOME	17.6	21.1
	Losses on the disposal of property, plant and equipment and intangible assets	(2.3)	(2.5)
	TOTAL OTHER OPERATING COSTS	(2.3)	(2.5)

Receiving government grants is not subject to any special conditions.

Note		2007	2006
6	**EQUITY INVESTMENTS IN ASSOCIATES**		
	Cost at January 1	219.6	210.3
	Additions	0.0	9.4
	Disposals	0.0	(0.1)
	Reclassified to discontinued operations	(149.4)	0.0
	Additions on acquisitions	0.0	0.0
	Cost at December 31	70.2	219.6
	Adjustments at January 1	69.3	(3.3)
	Foreign exchange adjustments	1.9	(6.3)
	Disposals for the year	0.0	0.1
	Reclassified to discontinued operations	(65.6)	0.0
	Share of the profit after tax in associates	(3.0)	4.2
	Share of the profit for the year included in profit for the year from discontinued operations	(5.0)	74.6
	Adjustments at December 31	(2.4)	69.3
	CARRYING AMOUNT AT DECEMBER 31	67.8	288.9

2007

Name	Registered office	Ownership interest	Revenue	Profit for the year	Total assets	Liabilities	Attributable to the group: Equity	Attributable to the group: Profit for the year
Incuba A/S	Aarhus	49.02%	0.0	(8.7)	126.0	2.0	60.8	(4.4)
Martin Professional (HK) Ltd.	Hong Kong	46.20%	59.0	2.3	24.6	15.4	4.3	1.1
Beacon AB	Sweden	24.00%	8.4	(0.7)	2.5	2.4	0.0	(0.1)
Sjøtroll Havbruk AS (*)	Norway							(5.0)
Martin Professional Japan Ltd.	Japan	40.00%	26.5	0.3	10.5	5.4	2.0	0.1
Dansk Afgratningsteknik A/S	Skjern	30.00%	N/A	1.1	10.4	8.2	0.7	0.3
							67.8	(8.0)
Goodwill at December 31, 2007							0.0	
Goodwill impairment								0.0
							67.8	(8.0)

(*) BioMar acquired additional shares in Sjøtroll Havbruk AS in 2007, bringing its total ownership interest in Sjøtroll Havbruk AS to 50.91%. Accordingly, Sjøtroll Havbruk AS is now a consolidated undertaking. As a sales process involving Sjøtroll Havbruk AS has been initiated, the undertaking has been reclassified under discontinuing operations. See 'Management's report' and note 31 to the financial statements.

2006

Name	Registered office	Ownership interest	Revenue	Profit for the year	Total assets	Liabilities	Attributable to the group: Equity	Attributable to the group: 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	46.00%	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	33.30%	N/A	0.1	6.3	5.2	0.4	0.0
							288.9	79.6
Goodwill at December 31, 2007							0.0	
Goodwill impairment								(0.8)
							288.9	78.8

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

7 **PROFIT FROM DIVESTMENT OF EQUITY INVESTMENTS**

Schouw & Co. did not divest any equity investments in 2007. In 2006, Schouw & Co. recorded a tax-free gain of DKK 282,9 million following the divestment of the packaging businesses Elopak Denmark A/S and Elopak AB, Sweden.

8 **FINANCIAL INCOME**

	2007	2006
Interest income, etc.	28.5	26.3
Foreign exchange gains	2.3	7.8
Realised capital gains on securities	0.0	33.2
Unrealised capital gains on securities	1,467.6	661.6
	1,498.4	728.9

9 **FINANCIAL EXPENSES**

	2007	2006
Interest expenses, etc.	(152.6)	(121.5)
Foreign exchange losses	(15.1)	(14.3)
Realised capital losses on securities	(0.1)	(3.2)
Unrealised capital losses on securities	(0.3)	(0.4)
	(168.1)	(139.4)

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

	2007	2006
Tax for the year is composed as follows:		
Tax on the profit for the year	(102.4)	(107.9)
Tax on equity entries	0.2	2.1
	(102.2)	(105.8)

	2007	2006
Tax on the profit for the year has been calculated as follows:		
Current tax	(39.3)	(71.5)
Deferred tax	(65.0)	(39.2)
Reduction of the corporate income tax rate	4.5	0.0
Adjustment of prior-year tax charge	(2.6)	2.8
	(102.4)	(107.9)

	2007	2006
Specification of the tax on the profit for the year:		
Calculated 25% (28%) tax of the profit for the year	(441.5)	(377.5)
Adjustment of calculated tax in foreign subsidiaries relative to 25% (28%)	3.6	2.9
Reduction of the corporate income tax rate	4.5	0.0
Tax effect of non-deductible amortisation and impairment of goodwill	0.5	(0.1)
Tax effect of non-deductible costs and non-taxable income	363.5	270.6
Tax effect of adjustment of prior-year tax charge	(2.6)	2.8
Tax effect of non-capitalised tax asset	(30.4)	(6.6)
	(102.4)	(107.9)
EFFECTIVE TAX RATE	5.8%	8.0%

Non-taxable income primarily concerns capital gains on the Vestas shares.

11 **EARNINGS PER SHARE (DKK)**

	2007	2006
Share of the profit for the year attributable to shareholders of Schouw & Co.	1,652.5	1,240.3
Of which profit for the year from continuing operations	1,647.3	1,189.0
Of which profit for the year from discontinuing operations	5.2	51.3
Average number of shares	12,470,000	12,470,000
Average number of treasury shares	(789,560)	(714,570)
Average number of outstanding shares	11,680,440	11,755,430
Average dilutive effect of outstanding share options	48,113	44,914
Diluted average number of outstanding shares	11,728,553	11,800,344
Earnings per share in Danish kroner of DKK 10	141.48	105.51
Diluted earnings per share in Danish kroner of DKK 10	140.90	105.11
Earnings per share in Danish kroner of DKK 10 from continuing operations	141.03	101.14
Diluted earnings per share in Danish kroner of DKK 10 from continuing operations	140.45	100.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

12 **INTANGIBLE ASSETS**

	Goodwill	Patents and licences	Completed development projects	Development projects in progress	Total
Cost at January 1, 2007	504.4	4.5	120.0	18.4	647.3
Foreign exchange adjustment	0.2	0.0	0.0	(0.1)	0.1
Additions	0.0	0.3	5.8	54.4	60.5
Disposals	0.0	0.0	(3.5)	0.0	(3.5)
Transferred/reclassified	0.0	0.0	22.0	(22.0)	0.0
Cost at December 31, 2007	504.6	4.8	144.3	50.7	704.4
Amortisation and impairment at January 1, 2007	(2.1)	(3.0)	(67.6)	(1.0)	(73.7)
Foreign exchange adjustment	0.0	0.0	(0.3)	0.0	(0.3)
Amortisation	0.0	(0.8)	(24.3)	0.0	(25.1)
Amortisation of disposed assets	0.0	0.0	3.5	0.0	3.5
Amortisation and impairment at December 31, 2007	(2.1)	(3.8)	(88.7)	(1.0)	(95.6)
CARRYING AMOUNT AT DECEMBER 31, 2007	502.5	1.0	55.6	49.7	608.8
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
Amortised over		3-15 years	3-7 years		

GOODWILL

At December 31, 2007, Schouw & Co. had recognised goodwill of DKK 502.5, which amount was unchanged relative to December 31, 2006, apart from exchange adjustments of DKK 0.2 million. Accordingly, goodwill recognised in the balance sheet was unaffected by company acquisitions and divestments in 2007. It should be noted, however, that assets held for sale includes goodwill of DKK 99.9 million deriving from additions in relation to the acquisition of a majority stake in the Norwegian fish farming business Sjøtroll.

The total goodwill of DKK 502.5 million recognised in continuing operations is distributed on: Martin Professional (DKK 236.5 million), Fibertex (DKK 104.4 million), Grene (DKK 14.3 million), BioMar (DKK 140.4 million) and Xergi (DKK 6.9 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 official share price was around DKK 190 at December 31, 2007, the value of goodwill was unimpaired.

The management of Schouw & Co. has tested the value in use of 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 indications of the free cash flow after tax 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 recognised in the Schouw & Co. consolidated financial statements.
The required rate of return was based on a WACC before tax at the level of from 10.1% to 11.4%. 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 achieving 100%, 90% and 85%, respectively, of its forecast cash flow, combined with alternative, higher WACC values (of +0.25 and + 0.50 percentage point). Combinations of lowered EBIT and increased WACC may induce the need for a minor write-down. The projected earnings levels and required rates of return do not imply a need for write-down. Accordingly, the value of goodwill is unchanged.

DEVELOPMENT PROJECTS, PATENTS AND LICENSES

Schouw & Co. recognised development costs of DKK 105.3 million and DKK 1.0 million in patens and licenses at December 31, 2007. An impairment test was performed in 2007 on the carrying amount of completed development projects and of development projects in progress. The test revealed no indications of impairment, because the recoverable amount is greater than the carrying amount. Consequently, there is no need for a writedown. Estimated recoverable amounts are based on calculations determined through the application of projected cash flows on the basis of expectations for 2008-2011 as approved by management.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

13 **PROPERTY, PLANT AND EQUIPMENT**

2007	Land and buildings	Leasehold improvements	Plant and machinery	Rental equipment	Other fixtures, tools and equipment	Assets under construction	Total
Cost at January 1, 2007	1,338.4	20.6	2,040.2	16.8	265.8	149.7	3,831.5
Foreign exchange adjustment	(0.7)	(1.2)	(14.7)	(0.1)	(0.3)	0.6	(16.4)
Additions on company acquisitions	8.0	0.0	0.2	0.0	0.2	0.1	8.5
Additions	43.3	1.3	187.1	0.0	40.0	37.1	308.8
Disposals	(6.8)	(2.3)	(12.7)	(9.2)	(14.4)	0.0	(45.4)
Transferred/reclassified	39.0	2.6	50.7	0.0	16.1	(111.1)	(2.7)
Cost at December 31, 2007	1,421.2	21.0	2,250.8	7.5	307.4	76.4	4,084.3
Depreciation and impairment at January 1, 2007	(218.1)	(15.1)	(820.9)	(13.4)	(191.4)	0.0	(1,258.9)
Foreign exchange adjustment	(2.1)	1.0	4.6	0.1	0.6	0.0	4.2
Transferred/reclassified	1.5	(0.6)	0.0	0.0	0.0	0.0	0.9
Depreciation of disposed assets	0.9	2.0	11.3	9.2	11.1	0.0	34.5
Depreciation	(48.6)	(2.6)	(215.4)	(2.4)	(31.5)	0.0	(300.5)
Depreciation and impairment at December 31, 2007	(266.4)	(15.3)	(1,020.4)	(6.5)	(211.2)	0.0	(1,519.8)
CARRYING AMOUNT AT DECEMBER 31, 2007	1,154.8	5.7	1,230.4	1.0	96.2	76.4	2,564.5
Of which assets held under finance lease	0.0	0.0	9.7	0.0	4.0	0.0	13.7
Interest recognised during period	1.0	0.0	0.0	0.0	0.0	2.2	3.2
Depreciated over	10-50 years	5-10 years	3-12 years	1-3 years	3-8 years		

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		

Land and buildings include assets classified as investment properties. See note 10 to the parent company financial statements.
In 2007, the Group entered into contracts for the purchase of property, plant and equipment for delivery in 2008 for an amount of DKK 14.4 million.
During the year, the Group capitalised interest of DKK 3.2 million (2006: DKK 9.2 million) in respect of the year's additions in building projects. The amount corresponds to a rate of interest of 5.3% p.a. of the project costs incurred during the period from the start of the project and until the project is finished and can be used for the intended purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

14 **SECURITIES**

	2007	2006
Shares in Vestas Wind Systems A/S	2,624.9	1,158.1
Other securities	89.2	19.4
	2,714.1	1,177.5

At December 31, 2007, the company held 4,800,000 shares in Vestas Wind Systems recognised at a price of DKK 546.85 per share. At DKK 2,624.9 million, the fair value of the holding corresponded to the market price at December 31, 2007. The shares in Vestas Wind Systems have an initial cost of DKK 362,9 million. 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 2006 financial year.

	Current assets		Non current assets	
	2007	2006	2007	2006
SECURITIES MEASURED AT FAIR VALUE				
Cost at January 1	0.0	0.0	389.4	526.3
Reclassification	12.6	0.0	(10.4)	0.0
Foreign exchange adjustment	0.0	0.0	0.4	0.0
Additions	0.0	0.0	32.2	1.6
Disposals	0.0	0.0	(2.9)	(141.1)
Cost at December 31	12.6	0.0	408.7	386.8
Adjustments at January 1	0.0	0.0	788.1	206.9
Reclassification	(4.9)	0.0	4.9	0.0
Foreign exchange adjustment	(0.1)	0.0	0.0	0.0
Disposals on divestment	0.0	0.0	0.0	(77.9)
Adjustments for the year recognised in the income statement	0.7	0.0	1,466.6	661.7
Adjustments for the year recognised in equity	37.5	0.0	0.0	0.0
Adjustments at December 31	33.2	0.0	2,259.6	790.7
CARRYING AMOUNT AT DECEMBER 31	45.8	0.0	2,668.3	1,177.5

15 **INVENTORIES**

	2007	2006
Raw materials and consumables	477.2	393.8
Work in progress	61.7	49.4
Finished goods and goods for resale	876.2	765.7
	1,415.1	1,208.9

	2007	2006
Cost of inventories for which impairment losses have been recognised	179.9	166.1
Accumulated impairment losses on inventories	(77.8)	(82.0)
Net sales value	102.1	84.1

16 **RECEIVABLES**

	2007	2006
Trade receivables	1,290.8	1,217.8
Income tax receivable	11.5	25.9
Other receivables	89.7	67.1
	1,392.0	1,310.8

	2007	2006
Impairment losses included in the above receivables	98.2	109.2

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**

	2007	2006
Sales value of construction contracts	56.3	21.1
Invoiced on account	(62.2)	0.0
	(5.9)	21.1

	2007	2006
Construction contracts (assets)	0.7	21.1
Construction contracts (liabilities)	(6.6)	0.0
	(5.9)	21.1

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 unchanged for the last 5 years.

TREASURY SHARES

	Number of shares		Nominal value		Cost		Percentage of share capital	
	2007	2006	2007	2006	2007	2006	2007	2006
January 1	777,926	657,053	7,779,260	6,570,530	119.7	86.0	6.24%	5.27%
Bought	251,630	130,000	2,516,300	1,300,000	115.3	35.9	2.02%	1.04%
Group employee share scheme	(4,822)	(9,127)	(48,220)	(91,270)	(0.8)	(2.2)	-0.04%	-0.07%
Share option programme	(96,000)	0	(960,000)	0	(18.0)	0.0	-0.77%	0.00%
DECEMBER 31	928,734	777,926	9,287,340	7,779,260	216.2	119.7	7.45%	6.24%

In 2007, Schouw & Co. sold treasury shares for DKK 16.1 million for settlement of the Group's share option programme.

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.

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Fair value adjustment reserve	Retained earnings	Proposed dividend	Total	Minority interests	Total equity
Equity at January 1, 2006	124.7	(1.2)	29.7	0.0	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)	0.0	1,170.6	74.8	1,224.7	66.4	1,291.1
Share-based payment	0.0	0.0	0.0	0.0	(0.9)	0.0	(0.9)	0.0	(0.9)
Dividend distributed	0.0	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	0.0	(126.6)	(126.6)
Treasury shares bought / sold	0.0	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)	0.0	1,136.3	37.4	1,153.0	(91.3)	1,061.7
EQUITY AT DECEMBER 31, 2006	124.7	(5.6)	13.4	0.0	3,253.3	74.8	3,460.6	380.8	3,841.4
Changes in equity 2007									
Total recognised comprehensive income	0.0	0.0	(21.1)	25.8	1,588.8	74.8	1,668.3	54.7	1,723.0
Share-based payment	0.0	0.0	0.0	0.0	13.0	0.0	13.0	0.0	13.0
Dividend distributed	0.0	0.0	0.0	0.0	4.5	(74.8)	(70.3)	(73.2)	(143.5)
Addition/disposal of minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	306.8	306.8
Treasury shares bought / sold	0.0	0.0	0.0	0.0	(99.2)	0.0	(99.2)	0.0	(99.2)
Changes in equity 2007	0.0	0.0	(21.1)	25.8	1,507.1	0.0	1,511.8	288.3	1,800.1
EQUITY AT DECEMBER 31, 2007	124.7	(5.6)	(7.7)	25.8	4,760.4	74.8	4,972.4	669.1	5,641.5

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 investments in such units.

FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserve includes value adjustments on securities available for sale, recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

19 **DEFERRED TAX**

	2007	2006
Deferred tax at January 1	52.7	23.6
Foreign exchange adjustment	1.1	0.3
Deferred tax adjustment at January 1	0.6	(0.2)
Deferred tax for the year recognised in profit for the year	65.0	39.2
Effect of lowering the corporate income tax rate	(4.5)	0.0
Deferred tax for the year recognised in equity	(0.2)	(2.1)
Addition on acquisition of subsidiary	1.0	0.4
Disposal on the sale of equity investments	0.0	(8.5)
NET DEFERRED TAX AT DECEMBER 31	115.7	52.7
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	(33.2)	(115.6)
Deferred tax (liability)	148.9	168.3
NET DEFERRED TAX AT DECEMBER 31	115.7	52.7
Deferred tax pertains to:		
Intangible assets	19.3	7.5
Property, plant and equipment	103.7	117.8
Current assets	(10.6)	(20.3)
Equity	0.1	(0.2)
Provisions	(3.9)	(19.6)
Other liabilities	(8.1)	(10.7)
Recaptured losses	35.6	35.6
Tax loss carry-forwards	(20.4)	(57.4)
	115.7	52.7

There are no deferred tax liabilities that have not been recognised in the balance sheet. Tax losses with an aggregate tax value of DKK 57.4 million have not been capitalised, because it is considered unlikely that they will be realised.

Fibertex Malaysia has an uncapitalised investment tax allowance at a tax value of DKK 89.1 million.

CHANGES IN TEMPORARY DIFFERENCES DURING THE YEAR

2007

	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	7.5	0.5	0.0	11.3	0.0	19.3
Property, plant and equipment	117.8	(0.1)	0.7	(14.7)	0.0	103.7
Receivables	(6.6)	0.1	0.0	1.9	0.0	(4.6)
Inventories	(0.7)	0.3	0.0	1.7	0.0	1.3
Other current assets	(13.0)	0.2	0.0	5.5	0.0	(7.3)
Equity	(0.2)	0.0	0.0	(0.9)	1.2	0.1
Provisions	(19.6)	0.0	0.0	15.7	0.0	(3.9)
Other liabilities	(10.7)	0.0	0.3	3.7	(1.4)	(8.1)
Recaptured losses	35.6	0.0	0.0	0.0	0.0	35.6
Tax losses	(57.4)	0.1	0.0	36.9	0.0	(20.4)
	52.7	1.1	1.0	61.1	(0.2)	115.7

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	(6.5)	0.0	117.8
Receivables	(3.9)	0.3	0.0	(3.0)	0.0	(6.6)
Inventories	(3.5)	0.5	0.0	2.3	0.0	(0.7)
Other current assets	(7.3)	0.1	0.0	(5.6)	(0.2)	(13.0)
Equity	(0.1)	0.0	0.0	(0.4)	0.3	(0.2)
Provisions	(25.2)	0.0	0.0	5.6	0.0	(19.6)
Other liabilities	(14.7)	0.1	0.4	5.8	(2.3)	(10.7)
Recaptured losses	10.5	0.0	0.0	25.0	0.1	35.6
Tax losses	(61.4)	0.1	0.0	3.9	0.0	(57.4)
	23.6	0.3	0.4	30.5	(2.1)	52.7

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

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 at December 31, 2005 included defined benefit pension obligations, which were included in the consolidated balance sheet of Schouw & Co. at December 31, 2005.

	2007	2006
Changes in recognised liability:		
Net liability at January 1	(47.9)	(80.8)
Gains on curtailments and repayments	0.0	2.9
Payment	26.3	0.0
Reduction of pension obligations	0.0	30.0
Net liability at December 31	(21.6)	(47.9)

The pension obligation in BioMar Holding was calculated at DKK 21.6 million at December 31, 2007. The entire amount relates to that company's liability to fund supplementary pensions under the previous practise of the KFK pension funds. The calculation of the pension liabilities is not based on actuarial calculations. 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, final funding of this liability may impact future financial results in a positive or a negative direction.

Additional funding of BioMar Holding's pension liabilities was provided in 2007 through the payment of a total of DKK 26.3 million to an insurance company. 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's funding liability.

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.

21 **PROVISIONS**

	2007	2006
January 1	26.2	2.5
Used during the year	(9.8)	(1.0)
Reversed during the year	(1.7)	(0.1)
Provisions made for the year	21.7	24.8
December 31	36.4	26.2
Expiry dates are expected to be:		
Short term	22.4	10.3
Long term	14.0	15.9
December 31	36.4	26.2

Provisions made comprise warranty commitments etc. 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	2007	2006

Note

22 **CREDIT INSTITUTIONS**

	2007	2006
Debt recognised in the balance sheet:		
Credit institutions (long-term)	1,267.6	1,341.9
Short-term part of long-term liabilities	181.7	361.2
Credit institutions (short-term)	1,419.1	523.7
	2,868.4	2,226.8
Fair value	2,868.7	2,226.5
Nominal value	2,868.4	2,226.8
Long-term debt falling due more than five years after the end of the financial year (carrying amount)	398.3	493.1

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	2007	2006	2007	2006	2007	2006
DKK	2027	Fixed	4.8%	5.6%	161.9	35.8	161.9	35.8
DKK	2025	Floating	5.4%	4.1%	519.9	772.2	519.5	771.9
EUR	2022	Fixed	5.7%	5.7%	269.4	201.7	270.0	201.7
EUR	2024	Floating	4.7%	3.6%	212.8	367.2	212.9	367.2
Other	2011	Fixed	7.0%	7.0%	41.7	57.7	41.7	57.7
Other	2015	Floating	4.4%	4.9%	243.6	268.5	243.6	268.5
Total long-term loans					1,449.3	1,703.1	1,449.6	1,702.8
Of which short-term part of long-term debt					181.7	361.2	181.7	361.2
DKK			4.8%	3.4%	1,022.8	251.5	1,022.8	251.5
EUR			4.8%	3.7%	107.4	85.6	107.4	85.6
PLN			5.2%	4.7%	95.6	49.5	95.6	49.5
USD			5.0%	5.7%	75.7	42.1	75.7	42.1
NOK			5.7%	4.3%	60.7	0.7	60.7	0.7
CZK			3.4%	3.1%	24.7	34.2	24.7	34.2
MYR			4.1%	4.5%	3.7	28.8	3.7	28.8
Other			5.2%	4.3%	28.5	31.3	28.5	31.3
Total short-term credit facilities					1,419.1	523.7	1,419.1	523.7
Total interest-bearing debt					2,868.4	2,226.8	2,868.7	2,226.5
Weighted average effective rate of interest			5.0%	4.2%				

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

Fixed rate debt includes DKK 243.2 million of floating rate debt hedged by way of an interest rate swap.

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

	Lease payment		Rate of interest		Carrying amount	
Expire in	2007	2006	2007	2006	2007	2006
0-1 year	3.9	5.0	(0.2)	(0.6)	3.5	4.4
1-5 years	7.5	7.7	(0.1)	(1.0)	7.6	6.7
> 5 years	2.3	3.9	0.0	(0.1)	2.3	3.8
	13.7	16.6	(0.3)	(1.7)	13.4	14.9

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		2007	2006
Note			
23	**TRADE PAYABLES AND OTHER PAYABLES**		
	Trade payables	684.2	633.4
	Customer prepayments	1.2	31.9
	Other payables	272.6	397.3
		958.0	1,062.6
24	**INCOME TAX**		
	Net income tax payable at January 1	53.9	24.7
	Exchange adjustments at January 1	0.6	(1.4)
	Current tax for the year including jointly-taxed subsidiaries	39.3	71.5
	Prior-year adjustments	0.9	(1.9)
	Disposal on sale of subsidiary	0.0	(1.1)
	Corporate income tax paid during the year	(82.6)	(37.9)
	Net income tax payable at December 31	12.1	53.9
	Which is distributed as follows:		
	Income tax receivable	(11.5)	(25.9)
	Income tax payable	23.6	79.8
		12.1	53.9

25 **CONTINGENT LIABILITIES AND GUARANTEES**

CONTINGENT LIABILITIES

The Schouw & Co. Group is currently a party to a small number of disputes and law suits. Management believes that the results of these disputes and law suits 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, 2007.

GUARANTEES

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

		2007	2006
	Land and buildings with a carrying amount of	821.5	812.5
	Plant and machinery with a carrying amount of	786.8	844.1
	Otner non-current assets	0.0	4.3
	Current assets	173.0	170.3
	Other guarantees	34.4	16.9
26	**CHANGES IN WORKING CAPITAL**		
	Change in inventories	(206.2)	(141.2)
	Change in receivables	(31.2)	(187.3)
	Change in trade payables and other payables	(19.7)	107.4
		(257.1)	(221.1)

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

27 **ADJUSTMENT FOR NON-CASH TRANSACTIONS**

	2007	2006
Purchase of intangible assets, see note 12	60.5	69.6
Of which had not been paid at the balance sheet date/adjustment for the year	0.2	(24.0)
Amount paid in relation to intangible assets	60.7	45.6
Purchase of property, plant and equipment, see note 13	308.8	536.7
Of which had not been paid at the balance sheet date/adjustment for the year	(2.5)	(8.1)
Of which assets held under finance leases	(0.4)	(10.9)
Amount paid in relation to purchase of property, plant and equipment	305.9	517.7
Incurring financial liabilities	354.1	244.6
Of which lease debt	(1.6)	(10.9)
Proceeds from incurring financial liabilities	352.5	233.7

28 **ACQUISITION OF SUBSIDIARIES AND BUSINESS ACTIVITIES**

	2007		2006	
	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	8.5	2.6	2.8	0.4
Financial assets	0.0	0.0	0.0	0.0
Inventories	4.3	4.3	2.3	2.8
Receivables	0.7	0.7	0.6	0.6
Tax asset	0.0	0.0	0.0	0.0
Cash and cash equivalents	1.1	1.1	0.0	0.0
Credit institutions	0.0	0.0	(0.6)	(0.6)
Deferred tax	(1.0)	0.0	(0.4)	0.0
Provisions	0.0	0.0	0.0	0.0
Trade payables	(2.7)	(2.7)	(0.1)	0.0
Other liabilities	(0.5)	(0.5)	0.0	(0.1)
Contingent liabilities	0.0	0.0	0.0	0.0
NET ASSETS ACQUIRED	10.4	5.5	4.6	3.1
Goodwill	0.0		0.0	
Negative goodwill (badwill)	(2.7)		0.0	
COST	7.7		4.6	
Of which cash and cash equivalents	(1.1)		0.0	
COST OF CONTINUING OPERATIONS	6.6		4.6	
Company acquisition - transferred to discontinuing operations	181.0		0.0	
TOTAL ACQUISITION OF SUBSIDIARIES AND BUSINESS ACTIVITIES	187.6		4.6	

Identified value revisions	**2007**	**2006**
Land and buildings	5.9	2.4
Inventories	0.0	(0.5)
Deferred tax	(1.0)	(0.4)
Trade payables	0.0	(0.1)
Other liabilities	0.0	0.1
Total	4.9	1.5

2007

In 2007, Grene Poland acquired the shares of Agroma Opole, a small agro business based in southern Poland for cash consideration of DKK 6.6 million. The acquisition of Agroma Opole included properties which were revalued by DKK 5.9 million relative to the book value at the time of acquisition. Subsequently, half of the properties have been sold at the revalued amount.

BioMar Norway acquired additional shares in associated company Sjøtroll Havbruk AS in 2007 for a cash consideration of DKK 181.0 million, giving BioMar a 50.91% majority interest in the company. In connection with the acquisition, BioMar announced that the entire 50.91% stake in Sjøtroll Havbruk AS is for sale and, accordingly, the company is classified as an asset held for sale.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

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

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, Grene has revalued assets, liabilities and contingent liabilities with a view to recognising them at fair value in the takeover balance sheet and value revisions have been identified.

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.

29 **DIVESTMENT OF SUBSIDIARIES AND ACTIVITIES**

	2007	2006
Carrying amount at the time of divestment of:		
Intangible assets	0.0	14.7
Property, plant and equipment	0.0	181.2
Financial assets	0.0	1.7
Inventories	0.0	27.8
Receivables	0.0	65.4
Tax asset	0.0	0.1
Cash and cash equivalents	0.0	8.4
Credit institutions	0.0	(105.8)
Deferred tax	0.0	(8.6)
Trade payables	0.0	(46.1)
Other liabilities	0.0	(30.8)
Contingent liabilities	0.0	0.0
NET ASSETS SOLD	0.0	108.0
Disposal of goodwill regarding divested companies	0.0	114.1
Gain/loss from divestment of equity investments	0.0	282.9
SELLING PRICE	0.0	505.0
Cost of selling	0.0	(0.1)
Of which cash and cash equivalents	0.0	(8.4)
CASH SELLING PRICE	0.0	496.5

Elopak Denmark A/S and Elopak AB were divested in 2006.

30 **CASH AND CASH EQUIVALENTS**

	2007	2006
Cash and cash equivalents at December 31 comprise:		
Securities with a maturity of less than three months	0.0	0.0
Cash	227.1	155.2
Cash classified as assets held for sale	5.1	0.0
	232.2	155.2

31 **DISCONTINUING OPERATIONS AND ASSETS HELD FOR SALE**

	2007	2006
Earnings per share from discontinuing operations (DKK)	0.45	4.37
Diluted earnings per share from discontinuing operations (DKK)	0.45	4.35

Discontinuing operations of the Schouw & Co. Group consist of the activities of Sjøtroll Havbruk AS.

The BioMar Group acquired additional shares in Sjøtroll Havbruk AS effective March 31, 2007, bringing its ownership interest to 50.91%. Accordingly, Sjøtroll Havbruk AS has been consolidated in the Group.

In connection with the consolidation, the company announced that Sjøtroll Havbruk AS was for sale. The activities of Sjøtroll Havbruk AS have been valued at the lower of book value and the fair value less expected costs to sell.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

32 **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/loss 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 exposure.

The Group's currency risks are primarily hedged by foreign subsidiaries making same-currency settlement of income and costs. In addition, currency risks are to some extent hedged by way of derivative financial instruments. Hedging is mainly based on forward exchange contracts and options.

THE GROUP'S FOREIGN EXCHANGE RISKS RECOGNISED IN THE BALANCE SHEET AT DECEMBER 31, 2007

Currency	Securities and cash/equivalents	Receivables	Debt	Hedged by way of financial instruments [1]	Net position
CZK	2.2	8.9	(219.1)	0.0	(208.0)
PLN	3.8	28.4	(161.4)	0.0	(129.2)
EUR	72.3	644.8	(814.1)	0.0	(97.0)
GBP	37.0	68.3	(30.1)	(8.0)	67.2
NOK	55.0	106.9	(207.7)	(13.6)	(59.4)
MYR	1.4	9.8	(55.1)	0.0	(43.9)
USD	93.8	246.0	(322.9)	13.4	30.3
SEK	0.4	16.7	(31.8)	3.8	(10.9)
Other	4.7	17.1	(25.4)	0.0	(3.6)
	270.6	1,146.9	(1,867.6)	(4.4)	(454.5)

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 financial instruments [1]	Net position
EUR	22.4	515.1	(1,085.8)	5.5	(542.8)
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)	(17.5)	63.9
PLN	1.8	11.7	(71.2)	(1.0)	(58.7)
SEK	1.2	4.4	(37.5)	0.0	(31.9)
USD	12.7	235.0	(283.7)	73.6	37.6
NOK	10.8	110.9	(104.0)	(18.4)	(0.7)
Other	23.0	21.8	(19.5)	0.0	25.3
	94.0	1,024.7	(1,863.9)	42.2	(703.0)

[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

32 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 which satisfy the requirements for hedge accounting:

	2007			2006		
Currency	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	192.9	0.3	16	259.0	(0.3)	28
USD	464.0	(2.7)	3	215.8	(1.6)	6
GBP	8.0	0.0	3	15.7	(0.4)	7
SEK	3.8	0.0	1	11.3	(0.3)	6
NOK	6.8	(0.1)	2	26.1	(0.3)	1
Other	10.0	0.0	6	36.0	(0.7)	1
	685.5	(2.5)		563.9	(3.6)	

[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

The Group hedges parts of the interest rate risk on its debt subject to a case-by-case assessment. Such assessments include, in addition to expectations for interest rate developments, the amount of the total floating rate debt relative to equity. Hedging normally consists of interest rate swaps and rate caps. 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	(754.6)	(516.8)	(177.9)	(1,449.3)	5.4%
Credit institutions (short-term)	(1,419.1)	0.0	0.0	(1,419.1)	5.0%
Interest rate swaps (principal), floating rate	185.3	0.0	57.9	243.2	4.8%
Interest rate swaps	(27.0)	(108.9)	(107.3)	(243.2)	4.5%
DECEMBER 31, 2007	(2,015.4)	(625.7)	(227.3)	(2,868.4)	
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 (principal), fixed rate	(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)	

Effective rates of interest are calculated at the balance sheet date

The Group's floating rate cash and cash equivalents and debt were such that, all other things being equal, a one percentage point drop in the level of interest rates relative to the actual interest rates during the year would have lifted the profit for the year and equity by DKK 18.0 million (2006: DKK 12.1 million). A one percentage point increase in the level of interest rates would have had a similar negative effect.

CAPITAL MANAGEMENT

Schouw & Co. has traditionally given priority to having a high equity ratio in order to ensure financial versatility. Based on the equity ratio of 54.7% at December 31, 2007, this policy opens up for a considerable expansion of the Group's operations on the basis of:

Existing unutilised credit facilities
The establishment of additional credit facilities
The holding of treasury shares
Substantial current cash flows from existing operations

In addition, the holding of 4,800,000 shares in Vestas represents a substantial and highly liquid investment for Schouw & Co.

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

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

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.

TRADE RECEIVABLES

	2007	2006
Trade receivables not written down	1,142.1	1,071.9
Original amount of trade receivable which has been written down	246.9	255.1
Write-down of trade receivables	(98.2)	(109.2)
	1,290.8	1,217.8

TRADE RECEIVABLES FALL DUE AS FOLLOWS:

	2007	2006
Not fallen due	985.5	952.4
Between 1–30 days overdue	169.9	148.1
Between 31–90 days overdue	75.2	55.1
More than 91 days overdue	60.2	62.2
	1,290.8	1,217.8

In respect of trade receivables, customers have provided collateral in the amount of DKK 118.2 million (2006: DKK 82.3 million).

33 **OPERATIONAL LEASES AND RENT COMMITMENTS**

	2007				
	Property	Machinery	Ships	Cars	Total
Payments for non-terminable operating leases and rent commitments					
0-1 year	34.5	4.6	32.4	10.1	81.6
1-5 years	57.0	10.8	91.1	14.6	173.5
> 5 years	9.7	0.0	20.1	0.0	29.8
	101.2	15.4	143.6	24.7	284.9

	2006				
	Property	Machinery	Ships	Cars	Total
Payments for non-terminable operating leases and rent commitments					
0-1 year	18.5	5.0	25.9	11.1	60.5
1-5 years	41.2	4.9	50.6	17.7	114.4
> 5 years	8.1	0.0	53.1	0.0	61.2
	67.8	9.9	129.6	28.8	236.1

The Group leases tools and equipment under operating leases. Lease periods are typically for periods of 2-8 years with a renewal option on expiry.
No contingent rents are payable under the leases.
An amount of DKK 77.8 million (2006: DKK 47.8 million) relating to operating leases has been recognised in the consolidated income statement for 2007.

34 **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. 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.

35 **EVENTS AFTER THE BALANCE SHEET DATE**

The full acquisition of Provimi was completed in January 2008 at a purchase price of DKK 674 million. A takeover balance sheet as at January 31, 2008 will be prepared in February/March 2008 and discussed in the interim report for the first quarter of 2008.

36 **NEW FINANCIAL REPORTING STANDARDS**

A number of new or revised IFRS standards (IAS 1, IAS 23, IAS 27, IFRS 2, IFRS 3, IFRS 8) and IFRIC interpretations (IFRIC 11-14) have been adopted, which are not mandatory for Schouw & Co. in the presentation of the 2007 annual report. Schouw & Co. generally expects to implement these standards and interpretations as from the mandatory effective dates. Once the standards have been implemented, IFRS 3 and IAS 27 will have an influence on the acquisition of companies and minority interests. If IFRS 3 is adopted by the EU before the end of 2008, Schouw & Co. would expect to implement this standard earlier than required. Implementation of the other standards and interpretations is expected to influence note disclosures and presentation, not recognition and measurement.

PARENT COMPANY INCOME STATEMENT

JANUARY 1 - DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
1	**REVENUE**	17.3	16.3
2	Cost of sales	(1.9)	(1.8)
	GROSS PROFIT	15.4	14.5
4	Other operating income	0.1	0.1
2.3	Administrative expenses	(21.7)	(18.7)
	OPERATING PROFIT	(6.2)	(4.1)
5	Profit from divestment of equity investments	0.0	339.3
7	Financial income	1,550.6	801.3
8	Financial expenses	(26.7)	(30.3)
	PROFIT BEFORE TAX	1,517.7	1,106.2
9	Tax on profit for the year	5.1	7.9
	PROFIT FOR THE YEAR	1,522.8	1,114.1
	PROPOSED ALLOCATION OF PROFIT		
	Proposed dividend, DKK 6 per share (2006: DKK 6 per share)	74.8	74.8
	Retained earnings	1,448.0	1,039.3
		1,522.8	1,114.1
	RECOGNISED COMPREHENSIVE INCOME FOR THE PARENT COMPANY		
	Value adjustment of hedging instruments recognised during the year	0.1	0.9
	Tax on items taken directly to equity	0.0	0.0
	Net income recognised directly in equity	0.1	0.9
	Profit for the year	1,522.8	1,114.1
	TOTAL RECOGNISED COMPREHENSIVE INCOME	1,522.9	1,115.0

PARENT COMPANY BALANCE SHEET

AT DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
	ASSETS		
	NON-CURRENT ASSETS		
10	**PROPERTY, PLANT AND EQUIPMENT**		
	Land and buildings	83.7	79.6
	Plant and machinery	0.0	0.4
	Other fixtures, tools and equipment	2.7	1.6
		86.4	81.6
	OTHER NON-CURRENT ASSETS		
5	Equity investments in subsidiaries and joint ventures	1,963.9	1,966.3
6	Equity investments in associates	60.8	64.4
11	Receivables	135.0	135.0
12	Securities	2,628.1	1,159.0
		4,787.8	3,324.7
	TOTAL NON-CURRENT ASSETS	4,874.2	3,406.3
	CURRENT ASSETS		
11	Receivables	95.2	165.5
19	Cash and cash equivalents	0.0	0.0
	TOTAL CURRENT ASSETS	95.2	165.5
	TOTAL ASSETS	4,969.4	3,571.8

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
	LIABILITIES AND EQUITY		
13	**EQUITY**		
	Share capital	124.7	124.7
	Hedge transaction reserve	0.0	(0.1)
	Retained earnings	4,197.8	2,834.4
	Proposed dividend	74.8	74.8
	TOTAL EQUITY	4,397.3	3,033.8
	LIABILITIES		
	LONG-TERM LIABILITIES		
14	Deferred tax	12.0	12.5
15	Credit institutions	47.8	50.9
	Deposits	3.1	3.1
		62.9	66.5
	SHORT-TERM LIABILITIES		
15	Short-term portion of long-term debt	3.2	177.8
15	Credit institutions	492.2	220.1
16.17	Trade payables and other payables	13.8	73.6
		509.2	471.5
	TOTAL LIABILITIES	572.1	538.0
	TOTAL LIABILITIES AND EQUITY	4,969.4	3,571.8

18 Contingent liabilities and guaranties

21-22 Notes without reference

PARENT COMPANY CASH FLOW STATEMENT

JANUARY 1 - DECEMBER 31

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
	PROFIT BEFORE TAX	1,517.7	1,106.2
	Adjustment for operating items of a non-cash nature, etc.		
2	Depreciation and impairment losses	0.8	1.2
	Other operating items, net	0.9	(340.9)
	Financial income	(1,550.6)	(801.3)
	Financial expenses	26.7	30.3
	Cash flows from operating activities before changes in working capital	(4.5)	(4.5)
20	Changes in working capital	(2.7)	1.7
	Cash flows from operating activities	(7.2)	(2.8)
	Interest income received	13.0	10.9
	Interest expenses paid	(22.4)	(25.7)
	Cash flows from ordinary activities	(16.6)	(17.6)
17	Joint taxation contribution received and net tax paid	(4.2)	7.8
	CASH FLOWS FROM OPERATING ACTIVITIES	(20.8)	(9.8)
	Purchase of property, plant and equipment	(5.7)	(0.9)
	Sale of property, plant and equipment	0.1	0.2
	Capital increase in subsidiaries and joint ventures	(50.0)	(15.0)
6	Acquisition of associates	0.0	(9.1)
	Sale of subsidiaries	0.0	504.9
	Dividend/capital decrease in subsidiaries, etc.	70.7	160.8
	Sale of securities	0.0	249.0
	CASH FLOWS FROM INVESTING ACTIVITIES	15.1	889.9
	Debt financing:		
	Repayment of long-term liabilities	(177.6)	(55.6)
	Increase (repayment) of debt to credit institutions	466.1	(798.7)
	Increase (repayment) of intra-group balances	(122.0)	43.3
	Shareholders:		
	Dividend paid	(70.3)	(35.4)
	Purchase/sale of treasury shares etc.	(90.5)	(33.7)
	CASH FLOWS FROM FINANCING ACTIVITIES	5.7	(880.1)
	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

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
1	**REVENUE**		
	Management fee	3.0	2.3
	Sale of wind energy	0.6	0.4
	Rental income from investment properties	13.7	13.6
		17.3	16.3
2	**COSTS**		
	STAFF COSTS		
	Remuneration to the Board of Directors of Schouw & Co.	(1.4)	(1.1)
	Wages and salaries	(11.1)	(8.7)
	Defined contribution pension plans	(0.7)	(0.6)
	Share-based payment	(1.5)	(1.0)
		(14.7)	(11.4)

More information on salaries, pensions and share-based payment to the Management Board of Schouw & Co. are provided in note 3 to the consolidated financial statements.

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

Average number of employees	10	8

SHARE OPTION PROGRAM

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

EMPLOYEE SHARES

In 2007, Schouw & Co. allocated 116 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. For the 2007 financial year 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 2007. The shares are held in blocked accounts until the end of the seventh calendar year following grant.

DEPRECIATION/AMORTISATION AND IMPAIRMENT

Depreciation of property, plant and equipment	(0.8)	(1.2)

Depreciation/amortisation and impairment are recognised in the income statement as follows:

	Production	(0.4)	(0.5)
	Administration	(0.4)	(0.7)
		(0.8)	(1.2)
3	**FEES TO AUDITORS APPOINTED BY THE GENERAL MEETING**		
	Audit fees, KPMG	0.3	0.3
	Non-audit fees, KPMG	0.1	0.1
	Fees for tax- and VAT-related services, KPMG	0.1	0.2
	Fees for other services, KPMG	0.0	0.3
	TOTAL FEE, KPMG	0.5	0.9
4	**OTHER OPERATING INCOME**		
	Profit from the sale of property, plant and equipment	0.1	0.1

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

5 **INVESTMENTS IN SUBSIDIARIES/JOINT VENTURES**

	2007	2006
Cost at January 1	2,022.7	2,191.3
Dividends exceeding accumulated profit	(0.1)	(68.1)
Capital contributions made during the year	0.0	65.0
Disposals during the year	(43.8)	(165.5)
Cost at December 31	1,978.8	2,022.7
Impairment at January 1	(56.4)	(56.4)
Disposals during the year	41.5	0.0
Impairment at December 31	(14.9)	(56.4)
CARRYING AMOUNT AT DECEMBER 31	1,963.9	1,966.3

Disposals during the year is a reclassification to securities of DB 2001 A/S - the former Dansk Biogas A/S.

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

Company	Registered office	Ownership interest 2007	Ownership interest 2006
BioMar Holding A/S	Aarhus	68.82%	68.82%
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	Støvring	50%	50%

6 **EQUITY INVESTMENTS IN ASSOCIATES**

	2007	2006
Cost at January 1	66.5	57.4
Additions	0.0	9.1
Cost at December 31	66.5	66.5
Adjustments at January 1	(2.1)	(7.0)
Impairment for the year	(3.6)	0.0
Reversal of prior-year impairment	0.0	4.9
Adjustments at December 31	(5.7)	(2.1)
CARRYING AMOUNT AT DECEMBER 31	60.8	64.4

Company	Registered office	Ownership interest 2007	Ownership interest 2006
Incuba A/S	Aarhus	49.02%	49.02%

Investments in associates are measured at the lower of cost and fair value in the parent company's balance sheet.

7 **FINANCIAL INCOME**

	2007	2006
Reversal of write-downs on investments in associates	0.0	4.9
Interest income, etc.	0.0	1.4
Interest income from subsidiaries	13.0	9.4
Foreign exchange gains	0.1	0.1
Realised capital gains on securities	0.0	31.2
Unrealised capital gains on securities	1,466.9	661.6
Dividends from subsidiaries	70.6	92.7
	1,550.6	801.3

8 **FINANCIAL EXPENSES**

	2007	2006
Write-down on investments in associates	(3.6)	0.0
Interest expenses, etc.	(21.3)	(26.5)
Interest expenses to subsidiaries	(1.8)	(3.2)
Realised capital losses on securities	0.0	(0.4)
Unrealised capital losses on securities	0.0	(0.2)
	(26.7)	(30.3)

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

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

Tax on the profit for the year has been calculated as follows:		
Current tax	4.6	7.2
Deferred tax	(0.8)	(1.1)
Reduction of Danish corporate income tax from 28% to 25%	1.3	0.0
Prior-year tax adjustments	0.0	1.8
	5.1	7.9
Specification of the tax on the profit for the year:		
Calculated 25% (28%) tax of the profit for the year	(379.4)	(309.7)
Reduction of Danish corporate income tax from 28% to 25%	1.3	0.0
Tax effect of:		
Non-taxable income	383.2	315.9
Adjustment of prior-year tax charge	0.0	1.7
	5.1	7.9
EFFECTIVE TAX RATE	-0.3%	-0.7%

Non-taxable income primarily concerns capital gains on the Vestas shares.

10 **PROPERTY, PLANT AND EQUIPMENT**

	2007			
	Land and buildings	Plant and machinery	Other fixtures, tools and equipment	Total
Cost at January 1, 2007	110.5	4.7	4.9	120.1
Additions	4.1	0.0	1.6	5.7
Disposals	0.0	0.0	(0.5)	(0.5)
Cost at December 31, 2007	114.6	4.7	6.0	125.3
Depreciation and impairment at January 1, 2007	(30.9)	(4.3)	(3.3)	(38.5)
Depreciation	0.0	(0.4)	(0.4)	(0.8)
Disposals	0.0	0.0	0.4	0.4
Depreciation and impairment at December 31, 2007	(30.9)	(4.7)	(3.3)	(38.9)
CARRYING AMOUNT AT DECEMBER 31, 2007	83.7	0.0	2.7	86.4
Depreciated over	20-50 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)**

	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, 2006	79.6	0.4	1.6	81.6
Depreciated over	20-50 years	10 years	3-8 years	

Schouw & Co. owns the following three properties in Denmark: Chr. Filtenborgs Plads 1, Aarhus, the Group's head office; Hovmarken 8, Lystrup outside Aarhus, which is recognised as an investment property following the 2006 divestment of Elopak Denmark A/S; and Sadelmagervej 24, Vejle, which is also recognised as an investment property.

The carrying amount at December 31, 2007 breaks down into DKK 14.4 million relating to the Group's head office and DKK 69.3 million relating to the investment properties.

The investment properties have actual rental income pr. year of DKK 14.0 million and operating costs of DKK 1.4 million. A capitalisation of the net rental income at a discounting factor of 7.25% p.a. indicates a fair value of the two investment properties at approximately DKK 175 million. The discounting factor has been determined as the yield on a 10-year government benchmark bond plus a risk premium of two percentage points.

11 **RECEIVABLES**

	2007	2006
Receivables from subsidiaries	228.2	300.2
Other receivables	2.0	0.3
	230.2	300.5
Breakdown of receivables:		
Long-term receivables	135.0	135.0
Short-term receivables	95.2	165.5
	230.2	300.5

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**

	2007	2006
Cost at January 1,	363.8	504.6
Reclassification	2.2	0.0
Disposals	0.0	(140.8)
Cost at December 31	366.0	363.8
Adjustments at January 1	795.2	211.0
Disposals on divestment	0.0	(77.3)
Adjustments of the year	1,466.9	661.5
Adjustments at December 31	2,262.1	795.2
CARRYING AMOUNT AT DECEMBER 31	2,628.1	1,159.0
Shares in Vestas Wind Systems A/S	2,624.9	1,158.1
Other securities	3.2	0.9
	2,628.1	1,159.0

At December 31, 2007, the company held 4,800,000 shares in Vestas Wind Systems recognised at a price of DKK 546.85 per share. At DKK 2,624.9 million, the fair value of the holding corresponded to the market price at December 31, 2007. 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.

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 unchanged for the last 5 years.

TREASURY SHARES

	Number of shares		Nominal value		Cost		Percentage of share capital	
	2007	2006	2007	2006	2007	2006	2007	2006
January 1	777,926	657,053	7,779,260	6,570,530	119.7	86.0	6.24%	5.27%
Bought	251,630	120,873	2,516,300	1,208,730	115.3	33.7	2.02%	0.97%
Group employee share scheme	(4,822)	0	(48,220)	0	(0.8)	0.0	-0.04%	0.00%
Share option programme	(96,000)	0	(960,000)	0	(18.0)	0.0	-0.77%	0.00%
DECEMBER 31	928,734	777,926	9,287,340	7,779,260	216.2	119.7	7.45%	6.24%

In 2007, Schouw & Co. sold treasury shares to Group companies for DKK 1.9 million for settlement of the Group's employee share schemes.

In 2007, Schouw & Co. sold treasury shares for DKK 16.1 million for settlement of the Group's share option programme.

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, 2006	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
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 bought	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
Changes in equity 2007					
Total recognised comprehensive income	0.0	0.1	1,448.0	74.8	1,522.9
Share-based payment	0.0	0.0	8.2	0.0	8.2
Dividend distributed	0.0	0.0	4.5	(74.8)	(70.3)
Treasury shares sold	0.0	0.0	18.0	0.0	18.0
Treasury shares bought	0.0	0.0	(115.3)	0.0	(115.3)
Changes in equity 2007	0.0	0.1	1,363.4	0.0	1,363.4
EQUITY AT DECEMBER 31, 2007	124.7	0.0	4,197.8	74.8	4,397.3

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

14 **DEFERRED TAX**

	2007	2006
Deferred tax at January 1	12.5	11.4
Deferred tax for the year recognised in profit for the year	0.8	1.1
Effect of lowering of Danish corporate income tax from 28% to 25%	(1.3)	0.0
NET DEFERRED TAX AT DECEMBER 31	12.0	12.5
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	0.0	0.0
Deferred tax (liability)	12.0	12.5
NET DEFERRED TAX AT DECEMBER 31	12.0	12.5
Deferred tax pertains to:		
Property, plant and equipment	11.5	11.9
Other liabilities	0.5	0.6
	12.0	12.5

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

CHANGES IN TEMPORARY DIFFERENCES DURING THE YEAR

2007	Balance at Jan. 1	Recognised in profit for the year	Balance at Dec. 31
Property, plant and equipment	11.9	(0.4)	11.5
Other liabilities	0.6	(0.1)	0.5
	12.5	(0.5)	12.0

2006	Balance at Jan. 1	Recognised in 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
	11.4	1.1	12.5

ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006

Note

15 **CREDIT INSTITUTIONS**

	2007	2006
Debt recognised in the balance sheet:		
Credit institutions (long-term)	47.8	50.9
Short-term part of long-term liabilities	3.2	177.8
Credit institutions (short-term)	492.2	220.1
	543.2	448.8
Fair value	543.0	448.7
Nominal value	543.2	448.8
Long-term debt falling due more than five years after the end of the financial year (carrying amount)	38.8	40.8

The parent company has the following long-term loans and short-term credit facilities:

			Effective rate of interest		Carrying amount		Fair value	
Currency	Matures in	Fixed/floating	2007	2006	2007	2006	2007	2006
DKK	2009	Fixed	4.6%	4.8%	1.6	11.9	1.6	11.9
DKK	2025	Floating	4.5%	3.8%	49.4	51.3	49.2	51.2
EUR	2007	Fixed	-	4.7%	0.0	15.1	0.0	15.1
EUR	2007	Floating	-	3.6%	0.0	150.4	0.0	150.4
Total long-terms loans					51.0	228.7	50.8	228.6
Of which short-term part of long-term debt					3.2	177.8	3.2	177.8
DKK			4.8%	3.5%	486.9	20.8	486.9	20.8
Loans from subsidiaries - DKK			4.8%	3.3%	5.3	199.3	5.3	199.3
Total short-term credit facilities					492.2	220.1	492.2	220.1
Total interest-bearing debt					543.2	448.8	543.0	448.7
Weighted average effective rate of interest			4.6%	3.6%				

16 **TRADE PAYABLES AND OTHER PAYABLES**

	2007	2006
Trade payables	0.8	0.7
Debt to subsidiaries (non-interest bearing)	0.0	50.0
Income tax payable	10.8	19.6
Other payables	2.2	3.3
	13.8	73.6

17 **INCOME TAX PAYABLE**

	2007	2006
Income tax payable at January 1	19.6	20.8
Prior-year adjustments	0.0	(1.8)
Current tax for the year recognised in the income statement	(4.6)	(7.2)
Joint taxation contribution received and net tax paid	(4.2)	7.8
INCOME TAX PAYABLE AT DECEMBER 31	10.8	19.6

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Note	ALL AMOUNTS IN MILLIONS OF DANISH KRONER	2007	2006
18	**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		
	The following assets have been provided as security to credit institutions:		
	Land and buildings with a carrying amount of	83.7	79.6
	Other guarantees	14.4	15.1
19	**CASH AND CASH EQUIVALENTS**		
	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**		
	Change in receivables	(1.6)	2.2
	Change in trade payables and other payables	(1.1)	(0.5)
		(2.7)	1.7

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, 2007

Currency	Receivables	Debt	Hedged by way of financial instruments	Net position
EUR	0.0	0.0	0.0	0.0

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

Currency	Receivables	Debt	Hedged by way of financial instruments	Net position
EUR	0.0	(165.6)	0.0	(165.6)

ALL AMOUNTS IN MILLIONS OF DANISH KRONER

Note

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

INTEREST RATE RISK

The parent company makes regular assessments as to interest rate risk on parent company loans, occasionally hedging floating-rate debt by way of financial instruments.

The following contractual revaluation or 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	(29.4)	(21.6)	0.0	(51.0)	5.2%
Credit institutions (short-term)	(486.9)	0.0	0.0	(486.9)	5.0%
Loans from subsidiaries	(5.3)	0.0	0.0	(5.3)	5.0%
DECEMBER 31, 2007	(521.6)	(21.6)	0.0	(543.2)	
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%
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)	

Effective rates of interest are calculated at the balance sheet date

22 **RELATED PARTY TRANSACTIONS**

Related parties are described in note 34 to the consolidated financial statements.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

Management remuneration and share option programmes are described in note 3 to the consolidated financial statements.

ASSOCIATES

Information on trading with associates is provided below:

The parent company has received rent of DKK 0.1 million (2006: DKK 0.1 million).
No dividends were received from associates in 2007 or 2006.

SUBSIDIARIES

Information on trading with subsidiaries is provided below:

The parent company has received a management fee of DKK 2.5 million (2006: DKK 1.9 million).
Outstanding balances with subsidiaries 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 70.7 million (2006: DKK 160.8 million) from subsidiaries.
Of dividends received in 2007, dividends that for accounting purposes are considered repayment of acquisition amounts amounted to DKK 0.1 million (2006: DKK 68.1 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.

STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGEMENT

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 2007 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, 2007 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year ended December 31, 2007.

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

Aarhus, March 12, 2008

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 2007 financial year, comprising a statement by the Board of Directors and the Management, a management's review, income statement, balance sheet, a statement of recognised comprehensive income, a cash flow statement and notes to the financial statements for the Group as well as the parent company. 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 the annual reports of listed companies.

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

The Board of Directors and the Management are responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal controls 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 the annual report based on our audit. We conducted our audit in accordance with Danish auditing standards. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance as to 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 controls relevant to the company's preparation and fair presentation of an 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and 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, 2007 and of the results of their operations and their cash flows for the financial year January 1 to December 31, 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Aarhus, March 12, 2008

KPMG C.JESPERSEN, STATSAUTORISERET REVISIONSINTERESSENTSKAB

Jes Lauritzen
State Authorised Public Accountant

Kim R. Mortensen
State Authorised Public Accountant

QUARTERLY FIGURES

THE GROUP

ALL AMOUNTS IN DKK MILLION	1 ST QUARTER		2 ND QUARTER	
INCOME STATEMENT	**2007**	**2006**	**2007**	**2006**
TOTAL REVENUE	1,718.2	1,442.8	1,966.3	1,769.3
GROSS PROFIT	337.4	303.4	416.3	382.7
PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)	122.9	113.3	182.3	182.7
EBITDA ratio	7.2%	7.9%	9.3%	10.3%
Depreciation	(80.7)	(81.3)	(83.4)	(82.0)
Impairment	0.0	0.0	0.0	0.0
PROFIT BEFORE FINANCIAL ITEMS (EBIT)	42.2	32.0	98.9	100.7
EBIT ratio	2.5%	2.2%	5.0%	5.7%
Share of profit from associated companies	0.3	(1.1)	(0.5)	3.5
Financial items, net	307.8	248.1	211.1	(4.1)
Profit from divestments	0.0	0.0	0.0	0.0
PROFIT BEFORE TAX (EBT)	350.3	279.0	309.5	100.1
Tax for the year	(4.6)	(6.4)	(10.6)	(17.9)
PROFIT FROM CONTINUING OPERATIONS	345.7	272.6	298.9	82.2
Profit from discontinuing operations	(5.0)	10.9	1.0	25.7
PROFIT FOR THE YEAR	340.7	283.5	299.9	107.9
Cash flow from operating activities	120.6	98.0	(27.9)	7.2
Cash flow from investing activities	(423.4)	125.7	(38.7)	(205.7)
Cash flow from financing activities	259.4	(350.7)	30.0	228.4
BALANCE SHEET				
Intangible assets	577.5	659.1	583.8	670.5
Property, plant and equipment	2,601.7	2,576.5	2,594.6	2,671.7
Other non-current assets	1,734.1	1,157.7	2,016.8	1,215.0
Cash and cash equivalents	111.7	188.1	75.0	218.1
Other current assets	2,677.2	2,387.1	2,928.8	2,675.3
Assets held for sale	1,175.3	0.0	1,114.7	0.0
TOTAL ASSETS	8,877.5	6,968.5	9,313.7	7,450.6
Equity	4,447.3	3,056.4	4,611.1	3,033.8
Interest-bearing debt	2,701.9	2,703.0	2,806.8	2,990.9
Other creditors	1,234.4	1,209.1	1,356.4	1,425.9
Liabilities associated with assets classified as held for sale	493.9	0.0	539.4	0.0
TOTAL LIABILITIES AND EQUITY	8,877.5	6,968.5	9,313.7	7,450.6
Schouw & Co.´s share of equity	3,789.6	2,591.0	4,018.0	2,606.6
Average number of employees	3,338	3,295	3,504	3,366

Quarterly figures are unaudited

3 RD QUARTER		4 TH QUARTER		TOTAL	
2007	2006	2007	2006	2007	2006
2,415.7	2,177.0	2,050.1	1,981.1	8,150.3	7,370.2
509.2	485.4	430.4	403.2	1,693.3	1,574.7
278.4	279.3	180.8	213.6	764.4	788.9
11.5%	12.8%	8.8%	10.8%	9.4%	10.7%
(83.5)	(80.0)	(78.0)	(70.4)	(325.6)	(313.7)
0.0	0.0	0.0	(3.7)	0.0	(3.7)
194.9	199.3	102.8	139.5	438.8	471.5
8.1%	9.2%	5.0%	7.0%	5.4%	6.4%
0.0	4.7	(2.8)	(2.9)	(3.0)	4.2
225.0	(35.7)	586.4	381.2	1,330.3	589.5
0.0	282.9	0.0	0.0	0.0	282.9
419.9	451.2	686.4	517.8	1,766.1	1,348.1
(35.4)	(45.9)	(51.8)	(37.7)	(102.4)	(107.9)
384.5	405.3	634.6	480.1	1,663.7	1,240.2
19.5	17.2	4.0	20.8	19.5	74.6
404.0	422.5	638.6	500.9	1,683.2	1,314.8
56.7	256.6	132.0	58.5	281.4	420.3
(82.7)	(116.7)	(163.3)	378.8	(708.1)	182.1
50.4	(178.5)	104.8	(468.8)	444.6	(769.6)
593.9	544.0	608.8	573.6	608.8	573.6
2,563.5	2,515.8	2,564.5	2,572.6	2,564.5	2,572.6
2,275.2	1,215.8	2,793.7	1,608.4	2,793.7	1,608.4
99.4	179.4	227.1	155.2	227.1	155.2
3,181.0	3,190.4	2,870.8	2,556.0	2,870.8	2,556.0
1,212.5	0.0	1,251.5	0.0	1,251.5	0.0
9,925.5	7,645.4	10,316.4	7,465.8	10,316.4	7,465.8
4,962.6	3,460.1	5,641.5	3,841.4	5,641.5	3,841.4
2,910.7	2,725.5	2,868.4	2,226.8	2,868.4	2,226.8
1,455.9	1,459.8	1,205.0	1,397.6	1,205.0	1,397.6
596.3	0.0	601.5	0.0	601.5	0.0
9,925.5	7,645.4	10,316.4	7,465.8	10,316.4	7,465.8
4,325.6	2,998.7	4,972.4	3,460.6	4,972.4	3,460.6
3,681	3,455	3,626	3,330	3,541	3,352

PORTFOLIO FIGURES

ALL AMOUNTS IN DKK MILLION	GRENE		MARTIN	
	2007	2006	2007	2006
INCOME STATEMENT				
Revenue:				
Denmark	925.3	824.3	21.2	26.0
Rest of Europe	678.6	532.7	653.1	542.5
Rest of World	21.5	5.9	498.4	458.9
TOTAL REVENUE	1,625.4	1,362.9	1,172.7	1,027.4
GROSS PROFIT	533.1	435.8	375.3	297.1
PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)	177.3	150.7	158.2	99.1
EBITDA ratio	10.9%	11.1%	13.5%	9.6%
Depreciation	(31.4)	(26.1)	(51.1)	(50.9)
Impairment	0.0	0.0	0.0	(3.7)
PROFIT BEFORE FINANCIAL ITEMS (EBIT)	145.9	124.6	107.1	44.5
EBIT ratio	9.0%	9.1%	9.1%	4.3%
Share of profit from associated companies	0.3	0.0	1.1	(0.6)
Financial items, net	(19.7)	(11.1)	(27.1)	(24.9)
Profit from divestments	0.0	0.0	0.0	0.0
PROFIT BEFORE TAX (EBT)	126.5	113.5	81.1	19.0
Tax for the year	(29.4)	(32.1)	(25.3)	(5.8)
PROFIT FROM CONTINUING OPERATIONS	97.1	81.4	55.8	13.2
Profit from discontinuing operations	0.0	0.0	0.0	0.0
PROFIT FOR THE YEAR	97.1	81.4	55.8	13.2
Cash flow from operating activities	4.5	89.0	39.7	113.5
Cash flow from investing activities	(82.0)	(98.3)	(72.0)	(39.5)
Cash flow from financing activities	67.8	20.5	21.4	(68.5)
BALANCE SHEET				
Intangible assets	19.3	18.1	117.7	84.8
Property, plant and equipment	358.0	303.4	209.8	222.1
Other non-current assets	2.5	2.1	38.7	33.2
Cash and cash equivalents	6.1	15.8	7.9	18.9
Other current assets	753.7	621.8	660.0	565.3
Assets held for sale	0.0	0.0	0.0	0.0
TOTAL ASSETS	1,139.6	961.2	1,034.1	924.3
Equity	434.3	369.5	261.9	219.8
Interest-bearing debt	504.7	394.0	544.0	521.4
Other creditors	200.6	197.7	228.2	183.1
Liabilities associated with assets classified as held for sale	0.0	0.0	0.0	0.0
TOTAL LIABILITIES AND EQUITY	1,139.6	961.2	1,034.1	924.3
Schouw & Co.´s share of equity	430.3	365.4	253.7	215.4
Capital expenditure	84.4	96.7	72.8	55.6
Average number of employees	1,032	863	1,147	1,068

Not all figures are audited.

FIBERTEX		BIOMAR		XERGI	
2007	2006	2007	2006	2007	2006
105.7	61.5	N/A	N/A	37.2	51.1
1,027.9	901.3	3,129.7	2,791.2	102.9	110.9
457.7	355.5	546.9	482.6	2.0	4.9
1,591.3	1,318.3	3,676.6	3,273.8	142.1	166.9
258.5	244.7	522.6	530.3	18.1	24.0
188.4	172.2	248.5	312.9	(5.4)	6.4
11.8%	13.1%	6.8%	9.6%	-3.8%	3.8%
(137.9)	(113.0)	(85.7)	(81.0)	(1.4)	(2.6)
0.0	0.0	0.0	0.0	0.0	0.0
50.5	59.2	162.8	231.9	(6.8)	3.8
3.2%	4.5%	4.4%	7.1%	-4.8%	2.3%
0.0	0.0	0.0	0.0	0.0	(0.1)
(45.4)	(26.4)	(34.9)	(21.1)	0.6	2.0
0.0	0.0	0.0	0.0	0.0	0.0
5.1	32.8	127.9	210.8	(6.2)	5.7
13.3	(15.5)	(9.4)	(44.7)	0.5	(0.7)
18.4	17.3	118.5	166.1	(5.7)	5.0
0.0	0.0	19.5	74.6	0.0	0.0
18.4	17.3	138.0	240.7	(5.7)	5.0
104.5	60.8	153.8	241.9	(18.0)	(15.1)
(197.7)	(236.8)	(349.3)	(119.2)	(2.8)	(0.7)
89.7	185.0	245.7	(300.2)	5.0	41.4
31.2	30.1	0.0	0.0	7.3	7.2
1,127.1	1,214.4	633.3	584.0	4.7	3.5
0.5	0.0	99.6	262.2	12.5	11.9
7.0	10.5	192.2	88.1	27.8	43.6
536.2	540.9	908.4	1,015.3	49.6	95.4
0.0	0.0	1,251.5	0.0	0.0	0.0
1,702.0	1,795.9	3,085.0	1,949.6	101.9	161.6
520.7	517.3	1,404.1	967.4	43.4	48.7
937.7	890.7	559.2	461.3	25.0	20.0
243.6	387.9	520.3	520.9	33.5	92.9
0.0	0.0	601.4	0.0	0.0	0.0
1,702.0	1,795.9	3,085.0	1,949.6	101.9	161.6
520.7	517.3	783.4	665.8	21.6	24.3
64.5	270.7	140.5	120.8	3.4	2.1
798	782	520	503	69	59

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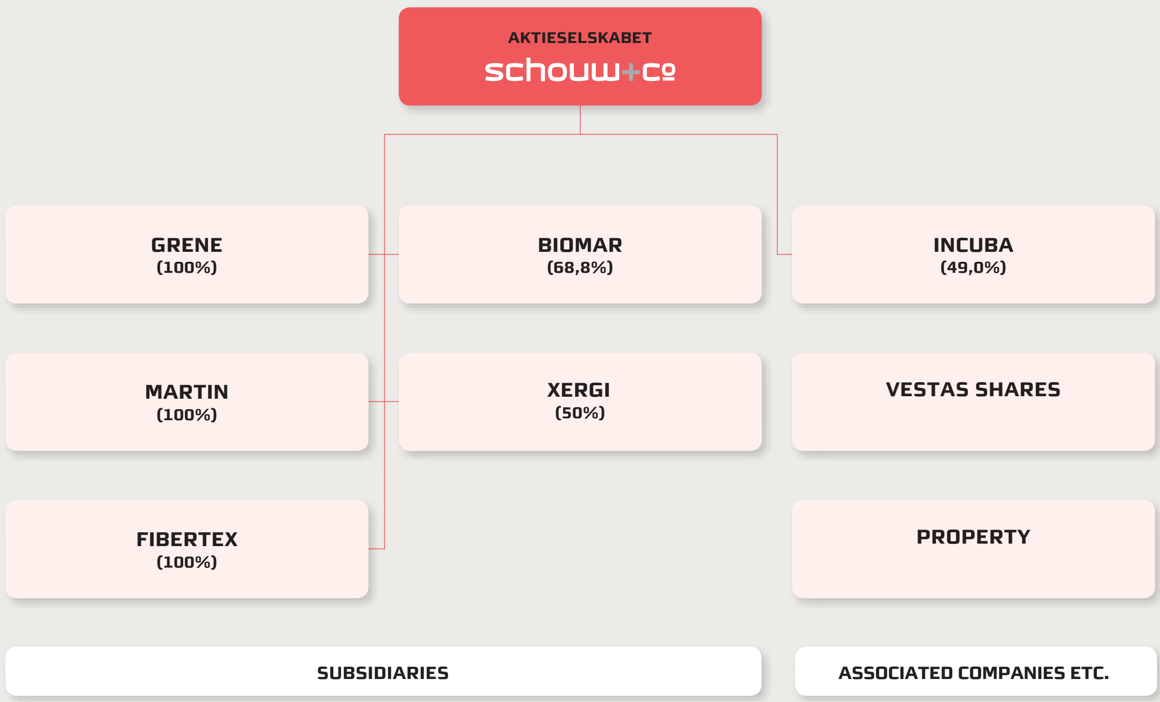
GROUP OVERVIEW

SELECTED COMPANIES AS OF DECEMBER 31, 2007

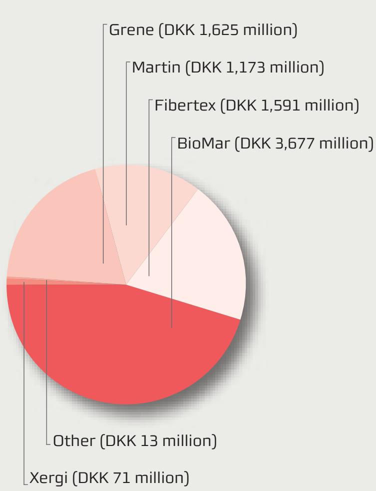
COMPANY NAME	DOMICILE	COUNTRY	OWNERSHIP
AKTIESELSKABET SCHOUW & CO.	**ARHUS**	**DENMARK**	
P. GRENE A/S	**SKJERN**	**DENMARK**	**100%**
Chr. C. Grene A/S	Skjern	Denmark	100%
Hydra-Grene A/S	Skjern	Denmark	100%
Dansk Afgratningsteknik A/S	Skjern	Denmark	30.0%
Grene Industri-service A/S	Skanderborg	Denmark	100%
Grene AB	Eslöv	Sweden	100%
Grene AS	Olso	Norway	100%
Grene OY	Kimito	Finland	100%
Grene Sp.z o.o.	Konin	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%
Grene Kramp Russia B.V.	Moskva	Russia	80%
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	Bergamo	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%
Martin Professional Middle-East S.A.L	Beirut	Libanon	16.7%
Martin Professional Argentina S.A.	Buenos Aires	Argentina	20.0%
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%
Innowo Print AG	Ilsenburg	Germany	15.0%
BIOMAR HOLDING A/S	**AARHUS**	**DENMARK**	**68,8%**
BioMar A/S	Brande	Denmark	100%
BioMar AS	Myre	Norway	100%
Sjøtroll Havbruk AS	Austevoll	Norway	50.9%
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	**STØVRING**	**DENMARK**	**50%**
Xergi, Ltd.	London	UK	100%
Xergi Services Ltd.	London	UK	80%
Danish Biogas Technology A/S	Støvring	Denmark	100%
Xergi GmbH	Teltow	Germany	100%
Xergi Biogas B.V.	Zuldlaren	Holland	100%
INCUBA A/S	**AARHUS**	**DENMARK**	**49.0%**
Helsingforsgade 25 Aarhus A/S	Aarhus	Denmark	34.0%
Incuba Science Park A/S	Aarhus	Denmark	26.1%
Østjysk Innovation A/S	Aarhus	Denmark	26.9%
Incuba Venture I K/S	Aarhus	Denmark	32.6%

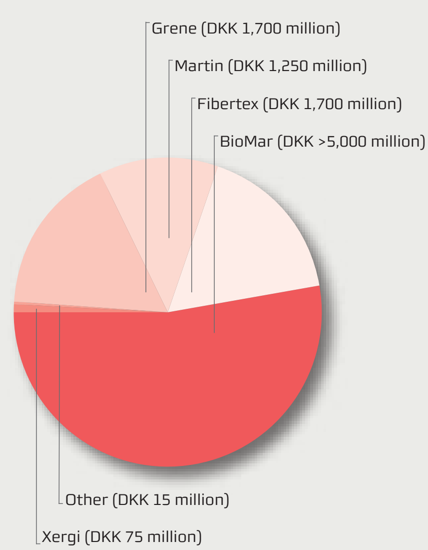
At February 1, 2008 BioMar has acquired the fish feed operations of Provimi.



REVENUE 2007
DKK 8.2 BILLION

EXPECTED REVENUE 2008
DKK 10 BILLION





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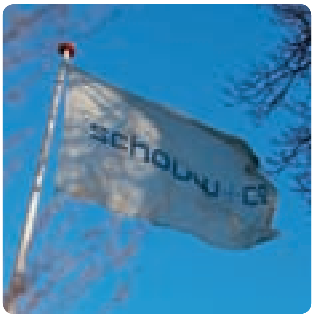
COMPANY REGISTRATION (CVR) NO. 63965812



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