

Interim report

1 May 2014 - 31 October 2014

ege[®]

THE URGE TO EXPLORE SPACE

egetæpper a/s

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Registration No.

CVR-nr.: 38 45 42 18

Board of Directors

Ebbe Malte Iversen, director (chairman)

Hans Olesen Damgaard, director (deputy chairman)

Knud Damgaard, jurist

Anne Mette Zachariassen, director

Niels Clausen, textile worker (staff representative)

Maja Lorenzen, office clerk (staff representative)

Management

Svend Aage Færch Nielsen, CEO

John Vestergaard, CFO

Auditors

Ernst & Young P/S

Orla Bek, state authorized public accountant

Morten Friis, state authorized public accountant

Solicitors

DAHL, Herning

Bankers

Danske Bank

Handelsbanken

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Tel. no. 97118811

John Vestergaard, CEO
Tel. no. 97118811

egetæpper a/s

Herning, 15 december 2014

Financial highlights for the group

DKK million	6 months 2014/15	6 months 2013/14	Year 2013/14
Turnover	406	389	784
Result before financial entries and taxation (EBIT)	41	34	70
Financial entries (net)	-5	-4	-8
Result before taxation	36	30	62
Profit for the period	26	24	48
Minority shareholders' part	1	1	1
Group net result	25	23	47
Total assets at end of period	710	584	588
Net working capital	229	189	184
Cash flows from operational activity	39	21	61
Capital and reserves	26	26	26
Capital and reserves at end of period excl. of minority holdings	416	386	409
Number of employees	546	482	480
Net investments in long-term assets (excl. acquisition of factory)	18	14	34
Investments in long-term assets (excl. acquisition of subsidiary)	51	0	0
Depreciations	14	14	28
Net profit ratio (EBIT-margin)	10	9	9
Return on invested capital after taxation (p.a.)	12	12	12
Equity ratio	59	66	70
Net working capital in percentage of turnover*	25	24	23
Share capital, nominal t.DKK	26,210	26,210	26,210
Number of A-shares	330,340	330,340	330,340
Number of B-shares	2,290,720	2,290,720	2,290,720
Number of own B-shares	0	0	0
Number of B-shares in circulation	2,290,720	2,290,720	2,290,720
Recommended dividend per share, DKK	-	-	7.00
Net asset value of share, DKK	158.58	147.20	156.03
Stock exchange price	196.00	205.00	194.50
Stock exchange price /net asset value	1.24	1.39	1.25

The key figures have been calculated according to the "Recommendations and Key figures 2010".

* The calculation is corrected, taking into account that Hammer Tæpper A/S only is included with one month of turnover.



Management statement

The management and the board of directors have today presented and approved the interim report for the period 1 May - 31 October 2014.

The interim report, which has not been audited or reviewed by the company auditors, has been prepared in accordance with IAS 34 "Presentation of interim financial reports" as approved by EU as well as additional Danish disclosure requirements for listed companies.

In our opinion the interim report gives a true and fair view of

the group's assets, liabilities and financial state as per 31 October 2014 as well as of the result of the group's activities and cash flows for the period 1 May - 31 October 2014.

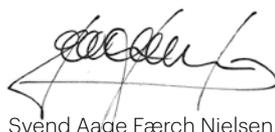
Moreover, we find that the management report gives a true statement of the development of the group's activities and financial state, of the profit for the period and of the group's financial state as a whole, as well as a description of the major risks and elements of uncertainties the group is facing.

Herning, 15 december 2014

Management:



John Vestergaard
CFO



Svend Aage Færch Nielsen
CEO

Board of directors:



Ebbe Malte Iversen
Chairman



Hans Olesen Damgaard
Deputy chairman



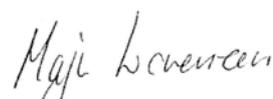
Knud Damgaard



Anne Mette Zachariassen



Niels Clausen
Staff representative



Maja Lorenzen
Staff representative

Management report

In the annual report for 2013/14, we wrote the following with respect to our expectations for 2014/15:

"We determinedly work with egetæpper's general strategy "Sustainable Carpet Design 2020" and on this basis we have set up the following expectations to the markets:

- *The activity level on the Danish market, being our biggest market, has developed a bit better than expected in the accounting year 2013/14 – we expect this development to continue.*
- *Among the important export markets we especially expect growth in the UK. Furthermore it is our expectation that Norway, Sweden and the Middle East will evolve positively.*
- *Both Germany and France have not been developing as expected the past year. We have taken steps to turn this development in the year to come.*
- *The formation in Asia will go on and we expect ongoing prosperity."*

The figures are not directly comparable with last year because Hammer Tæpper as per 1 October 2014 was included in the eget group.

The level of activity in the first 6 months of the financial year 2014/15 has in general not lived up to our full expectations. We have seen an increase in the level of activity of 4% compared to last year. Adjusted for Hammer Tæpper A/S, the increase was 2%.

In our largest market, the Danish, the development has not lived up to our expectations and the level of activity in the first 6 months of the financial year is not quite in level with last year. However, despite this we have seen an increase in our market share.

Among major export markets such as Norway, Germany and France the expected growth is seen, whereas Sweden, UK and the Middle East have performed below our expectations in the first 6 months. Among our minor export markets, in particular Benelux and Italy, growth is seen. The development in Asia is positive and overall as expected.

Turnover of the period amounted to 406 DKK million against 389 DKK million last year, which is an increase of 4%. Adjusted with Hammer Tæpper A/S the increase was 2%. The export share is 79% against 77% last year.

EBIT makes out 40.8 DKK million corresponding to an EBIT margin of 10%. Compared to last year, an increase of 6.8 DKK million. The development is credited to stable commodity prices and a favorable product and market mix. The group's fixed costs, which represent 197 DKK million (other external costs, staff expenditure and depreciations) increased by 4% compared to last year. Adjusted with Hammer Tæpper A/S the increase was only around 2%, mainly due to personnel costs. Investments in training, upgrading and expansion of the sales force are still carried on.



As per 31 October 2014 the number of employees amounted to 546 which is an increase of 63 compared to the last quarter. The increase is related to the inclusion of Hammer Tæpper A/S.

Profit for the period before taxation and minority holdings amounted to 35.8 DKK million against 29.5 DKK million last year, representing an increase of 21%.

Group cash flow from operation amounted to 39 DKK million against 21 DKK million last year. Cash flow for investments amounts to 58.1 DKK million, of which the acquisition represents 40 DKK million. Other Capital expenditure are in line with last year.

Net investments in long-term assets in this period amounted to 69 DKK million, of which the acquisition of Hammer Tæpper A/S amounted to 51 DKK million. Investments for the second half-year are expected to amount to 25-30 DKK million.

Prospects for the financial year 2014/2015

Normally we operate with an order book corresponding to one week's production which makes it difficult to look months ahead.

Based on the development of the first 6 months of the accounting year 2014/15, our expectations as announced in the annual financial statement 26 June 2014, are maintained.

Focus will still be on a tight cost management and net working capital, efficiency improvements and high activity level within product development as well as a continuing development of sales organisations on our export markets.

As announced in the financial report for the first quarter of the financial year 2014/15, egetæpper a/s has entered into a conditional agreement to sell our property, located on Wittrupvej 1, 7120 Vejle. The sales agreement is conditional on the approval of a new district plan for the area, in which the business property lies, enabling the buyers to use the property as wished. The process is initiated by Vejle Kommune and is expected to be unchanged clarified before 30 September 2015.

If the sale of the property in Vejle is carried out in the current financial year, expectations for profit before tax will be raised from 70-75 DKK million to 90-95 DKK million.

Accounting policies

The interim report is prepared in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies.

Other than as set below, the accounting policies are unchanged from those applied in the Annual group Report 2013/14.

With effect from 1 May 2014, egetæpper has implemented IFRS 10-12 with related amendments IAS 27 (2011), IAS 28 (2011) and amendments to IAS 32 og IAS 39 as well as IFRIC 21. The implementation has not affected recognition and measurements.

	Expected 2014/15	Realised H1 2014/15	Realised H1 2013/14
Turnover DKK mio.	900-950	406	389
EBIT-margin	8-9%	10%	9%
Result before taxes DKK mio.	70-75	36	30
Cash flow from operations DKK mio.	75-85	39	21
Investments DKK mio.	100*	69*	14

*Incl. acquisition of Hammer Tæpper A/S



Profit and loss account 1 May - 31 October

Note	t.DKK	H1 2014/15	H1 2013/14	Q2 2014/15	Q2 2013/14
	Turnover	406,383	388,856	208,740	198,491
	Change in stock of finished goods, work in progress and commercial goods	9,430	-510	5,410	4,666
	Costs for raw materials, auxiliaries and commercial goods	-179,263	-169,546	-94,863	-94,496
	Other external goods	-72,214	-71,627	-38,600	-38,515
	Gross profit	164,336	147,173	80,687	70,146
	Other operating income	1,303	4,338	965	3,260
	Staff costs	-110,838	-103,071	-58,061	-52,920
	Depreciations	-13,963	-14,423	-7,127	-7,534
	Other operation costs	-56	-53	-56	-36
	Profit before financial entries and taxation	40,782	33,964	16,408	12,916
	Financial entries	159	154	146	112
1	Financial costs	-5,096	-4,571	-2,526	-2,431
	Profit before taxation	35,845	29,547	14,028	10,597
	Tax on profit for the period	-9,865	-5,757	-4,237	-2,943
	Profit for the period	25,980	23,790	9,791	7,654
	Divided between:				
	Shareholders of egetæpper a/s	25,386	23,007	9,532	7,256
	Minority shareholders	594	783	259	398
		25,980	23,790	9,791	7,654
	Diluted earnings per share, DKK (EPS-D)	9.69	8.78	3.64	2.77
	Earnings per share, DKK (EPS)	9.69	8.78	3.64	2.77

Consolidated income statement 1 May - 31 October

t.DKK	H1 2014/15	H1 2013/14	Q2 2014/15	Q2 2013/14
Other consolidated income				
Exchange rate adjustment of foreign subsidiaries	-363	-809	-365	-264
Tax on other consolidated income	0	0	0	0
Other consolidated income after tax	-363	-809	-365	-264
Profit for the period	25,980	23,790	9,791	7,654
Total recognised consolidated income	25,617	22,981	9,426	7,390
Divided between:				
Shareholders of egetæpper a/s	25,023	22,198	9,167	6,992
Minority shareholders	594	783	259	398
	25,617	22,981	9,426	7,390

Balance sheet

Note	t.DKK	31/10 2014	31/10 2013	30/4 2014
Assets				
Long-term assets				
Intangible assets				
	Development costs	129	221	175
	Agency rights	1,610	1,610	1,610
3	Goodwill	34,599	18,468	18,468
3	Other intangible assets (client relations)	4,560	0	0
Total intangible assets		40,898	20,299	20,253
Tangible fixed assets				
	Land and buildings	134,369	145,610	143,963
	Technical equipment and machinery	84,498	73,173	82,139
	Operating equipment and fixtures	19,248	22,620	21,114
	Tangible assets in course of construction as well as prepayments	28,389	13,302	14,654
		266,504	254,705	261,870
Other long-term assets				
	Debtors	0	3,870	0
3	Capital investments in associated companies	24,592	0	0
		24,592	3,870	0
Total long-term assets		331,994	278,874	282,123
Short-term assets				
	Portion of long-term liabilities falling due within 1 year	3,001	5,840	6,353
	Stocks	226,658	167,919	175,539
	Debtors	119,189	109,318	101,939
	Cash at bank and in hand	21,608	22,340	21,568
		370,456	305,417	305,399
		7,872	0	0
Total short-term assets		378,328	305,417	305,399
Total assets		710,322	584,291	587,522

Note	t.DKK	31/7 2014	31/7 2013	30/4 2014
Liabilities				
Capital and reserves				
	Share capital	26,210	26,210	26,210
	Reserve for exchange rate adjustments	2,195	2,946	2,558
	Accumulated result	387,234	356,658	361,848
	Recommended dividend	0	0	18,347
		415,639	385,814	408,963
	Minority shareholders' part	4,226	4,412	5,112
	Total capital and reserves	419,865	390,226	414,075
Creditors				
Long-term liabilities				
	Deferred taxation	23,441	19,367	20,669
2	Other long-term liabilities	62,720	32,739	34,599
	Credit institutions	153	185	166
		86,314	52,291	55,434
Short-term liabilities				
	Portion of long-term liabilities falling due within 1 year	31	9,113	33
	Trade creditors	45,624	40,485	40,223
	Bank debts	70,553	33,190	19,282
	Company tax	16,490	10,770	4,966
	Other amounts owed	71,445	48,216	53,509
		204,143	141,774	118,013
	Total creditors	290,457	194,065	173,447
	Total liabilities	710,322	584,291	587,522



Cash flow statement 1 May - 31 October

t.DKK	H1 2014/15	H1 2013/14
Turnover and other operating income	406,893	390,043
Operating costs	-366,904	-360,039
Depreciations	13,963	14,423
Change in working capital	-11,541	-15,600
Cash flow from activities before financial items	42,411	28,827
Interest receipts or similar	159	154
Interest payments or similar	-5,610	-4,336
Cash flow from ordinary activities	36,960	24,645
Corporation tax paid	1,658	-4,114
Cash flows from operating activities	38,618	20,531
Acquisition of tangible assets	-18,958	-17,974
Sale of tangible assets	797	4,206
Acquisition of subsidiary	-39,954	0
Cash flows to investment activities	-58,115	-13,768
Change in long-term liabilities	-1,435	-468
Change in operating credits	40,285	13,614
Dividend paid	-18,347	-13,314
Dividend paid to minority shareholders	-1,480	-1,073
Cash flows from financing activities	19,023	-1,241
Cash flows of the period	-474	5,522
Cash and cash equivalents at beginning of period	21,568	17,053
Value adjustment of cash and cash equivalents	514	-235
Cash and cash equivalents at end of period	21,608	22,340

Statement of capital and reserves

t.DKK	Share capital	Reserve for exchange rate adjustment	Accumulated profit	Recommended dividende	Total	Minority shareholders	Total capital and reserves
Capital and reserves 1 May 2013	26,210	3,755	333,651	13,314	376,930	4,702	381,632
Profit for the period	0	0	23,007	0	23,007	783	23,790
Other consolidated income	0	-809	0	0	-809	0	-809
Dividend paid	0	0	0	-13,314	-13,314	-1,073	-14,387
Dividend on own shares	0	0	0	0	0	0	0
Total capital and reserves 31 October 2013	26,210	2,946	356,658	0	385,814	4,412	390,226
Capital and reserves 1 November 2013	26,210	2,946	356,658	0	385,814	4,412	390,226
Profit for the period	0	0	5,190	18,347	23,537	700	24,237
Other consolidated income	0	-388	0	0	-388	0	-388
Dividend paid	0	0	0	0	0	0	0
Dividend on own shares	0	0	0	0	0	0	0
Total capital and reserves 30 April 2014	26,210	2,558	361,848	18,347	408,963	5,112	414,075
Capital and reserves 1 May 2014	26,210	2,558	361,848	18,347	408,963	5,112	414,075
Profit for the period	0	0	25,386	0	25,386	594	25,980
Other consolidated income	0	-363	0	0	-363	0	-363
Dividend paid	0	0	0	-18,347	-18,347	-1,480	-19,827
Dividend on own shares	0	0	0	0	0	0	0
Total capital and reserves 31 October 2014	26,210	2,195	387,234	0	415,639	4,226	419,865



Notes

Note	t.DKK	H1 2014/15	H1 2013/14	Q2 2014/15	Q2 2013/14
1	Financial costs				
	Other interest expenses	677	912	341	421
	Exchange rate adjustments	647	365	482	65
	Value adjustment on forward option on purchase of minority entry	3,772	3,294	1,703	1,945
		5,096	4,571	2,526	2,431
			31/10 2014	31/10 2013	30/4 2014
2	Other long-term liabilities				
	At the beginning of the period		34,599	33,120	33,120
	Addition		29,543	0	0
	Dividend paid		-5,194	-3,675	-3,675
	Profit for the period		3,772	3,294	5,154
			62,720	32,739	34,599

Other long-term debt comprises value of forward contract on acquisition of the remaining 49% of Bentzon Carpets ApS and Hammer Tæpper A/S. According to the contracts the remaining shares in Bentzon Carpets ApS will be taken over by 1 October 2021. With regard to both contracts the shares are taken over at net book value. The debt is increased/reduced yearly with a share of the year result and will be reduced by a share of the dividend distribution.

3 Takeover of the majority in Hammer Tæpper A/S as of 1 October, 2014.

With effect from 1 October, 2014 egetæpper has taken over 51% of the shares in Hammer Tæpper A/S. The takeover is to be seen as the start of a generational change in Hammer Tæpper A/S. The company is owned by second generation, Tom Møller Jørgensen, who will continue as director and minority shareholder in the company.

Hammer Tæpper A/S, which was originally founded in 1948, develops, manufactures and sells textile floorings in both wool and synthetic yarns for both the consumer and contract markets.

On the contract market the primary segments are 4 to 5-star hotels as well as the cruise line industry. The acquisition is to be seen as a contribution to the strengthening of egetæpper's position in the aforementioned segments.

Hammer Tæpper A/S continues as an independent company with focus on the products, markets and clients which have been the company's business foundation throughout the years.

The group has paid transaction costs in connection with the takeover for approx. 0.2 mio.DKK which have been included in the profit and loss account for the first half year 2014/15.

The group's net turnover for October is affected by 9.6 mio.DKK by inclusion of Hammer Tæpper A/S.

The net result before taxation for the group is affected positively by 0.6 mio.DKK after deduction of minority interests etc.

The turnover and result before taxation for the group, balanced as if Hammer Tæpper A/S was taken over on 1 May 2014, make out 459.5 mio.DKK and 38.5 mio.DKK respectively.

Notes

3 Takeover of the majority in Hammer Tæpper A/S as of 1 October 2014 (continued)

The compensation in cash made out 50.7 mio.DKK of which 45.0 mio.DKK have been settled on 1 October 2014 and 5.7 mio.DKK at the beginning of December, 2014.

The remaining 49% will be taken over by egetæpper at net book value by 1 October 2021. In accordance with IFRS the value of the entered forward contract has been calculated as a debt. The value has been made up to 29.5 mio.DKK as of 1 October, 2014.

During the month of October the debt has been increased by 0.4 mio.DKK which has been entered as an expense under financial entries.

As of 31 October, 2014 the debt has been calculated as 29.9 mio.DKK.

t.DKK	Current value at the time of acquisition
Other intangible assets (client relations)	4,560
Tangible assets	7,832
Capital shares in associated companies (Foamtex A/S - 33% owner share)	24,616
Stocks	40,147
Outstanding amounts	22,643
Cash	5,046
Credit institutions	-10,984
Deferred tax	-2,773
Accounts payable	-3,725
Other debts	-23,202
Net assets taken over	64,160
Goodwill	16,131
Total price for the company	80,291
Deferred payment regarding the remaining minority share	-29,543
Total amount for cash payment	50,748
Amount to be paid at the beginning of December, 2014	-5,748
Total amount to be paid on 1 October, 2014	45,000
Of this liquid holding in Hammer Tæpper A/S	-5,046
Cash amount	39,954

At the takeover egetæpper has decided to include the full goodwill of the company in the balance, 16,131 tkr.

The above evaluation of day value at the time of acquisition is to be considered contemporary because of the short time frame since the takeover.

Notes without reference

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

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

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

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

Segmental information

1 May 2014 - 31 October 2014	Direct sale	Indirect sale	Total reportable segments
External revenue	346,465	59,918	406,383
Market contribution	81,160	19,231	100,391
Assets	247,642	14,183	261,825
1 May 2013 - 31 October 2013*	Direct sale	Direct sale	Total reportable segments
External revenue	331,722	57,134	388,856
Market contribution	74,572	17,439	92,011
Assets	155,945	11,961	167,906
Reconciliation of result for the period before tax:		2014/15	2013/14
Segmental result for reportable segments		100,391	92,011
Unallocated depreciations		-11,152	-11,176
Unallocated financial costs		-4,586	-3,956
Unallocated costs		-48,808	-47,332
Result for the period, cf. Income Statement		35,845	29,547
Reconciliation of assets:		2014/15	2013/14
Assets for reportable segments		261,825	167,906
Unallocated stock		138,649	126,200
Unallocated cash and cash equivalents		5,711	9,344
Unallocated tangible fixed assets		304,137	280,841
Assets, cf. Balance sheet		710,322	584,291

*An agent market has been reclassified from indirect sale to direct sale. Comparative figures are correspondingly corrected.



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