

**egetæpper a/s**

**Interim report 2012/13**  
(1 May – 31 July 2012)

CVR-nr. 38 45 42 18

**ege**<sup>®</sup>

we create more than carpets

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

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

ege@ege.dk  
www.egecarpet.com

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*Kongelig Hofleverandør*  
**egetæpper a/s**

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**Contacts:**

Mr. John Vestergaard, CFO  
Tel. +45 97118811

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

**egetæpper a/s**

Herning, den 30 August 2012

## Financial highlights for the group

<b>DKK million</b>	<u>1/5- 31/7 2012</u>	<u>1/5- 31/7 2011</u>	<u>2011/12</u>
Turnover	197	184	753
Result before financial entries and taxation (EBIT)	19	21	64
Financial entries (net)	-2	-6	-9
Result before taxation	17	15	55
Profit for the period	12	10	37
Minority shareholders' part	0	0	1
Group net result	12	10	36
Total assets at end of period	570	538	564
Net working capital	172	177	189
Cash flow from operating activities	37	4	44
Capital and reserves	28	28	28
Capital and reserves at end of period excl. of minority holdings	364	333	351
Number of employees	475	461	494
Investments in long-term assets	13	7	29
Depreciations	7	7	28
Net profit ratio (EBIT-margin)	10	12	8
Return on invested capital after taxation (p.a.)	14	12	11
Equity ratio	64	62	62
Share capital, nominal t.DKK	27.668	27.668	27.668
Number of A-shares of 100 DKK	33.034	33.034	33.034
Number of B-shares of 100 DKK	243.649	243.649	243.649
Number of own B-shares	14.577	14.577	14.577
Number of B-shares in circulation	229.072	229.072	229.072
Recommended dividend per share, DKK	-	-	30
Net asset value of share, DKK	1.389	1.271	1.339
Stock exchange price	1.275	1.004	1.175
Stock exchange price/net asset value	0,92	0,79	0,88

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

### **Management statement**

The management and the board of directors have today presented and approved the interim report for the period 1 May - 31 July 2012.

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 July 2012 as well as of the result of the group's activities and cash flows for the period 1 May – 31 July 2012.

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, 30 August 2012

#### *Management*

John Vestergaard  
CFO

Svend Aage Færch Nielsen  
CEO

#### *Board of directors:*

Ebbe Malte Iversen  
Chairman

Frank Uhrenholt  
Deputy chairman

Egon Damgaard

Peder Fisker Knudsen

Maja Lorenzen  
Staff representative

Niels Clausen  
Staff representative

Anne Mette Zachariassen

## Management report

In the annual report for 2011/12 our expectations to 2012/13 read as follows:

*"The financial crisis still has an impact on the construction industry in a number of European countries. Among our important markets especially Denmark, England and southern Europe still record low activity, whereas Norway, Sweden and the Middle East are operating at a relatively high activity level. We do not expect this situation to change significantly within the next year. Our establishment on the Chinese market in 2011/12 is expected to yield a modest, however positive, contribution to the result in 2012/13."*

The activity level in the first quarter of 2012/13 has been as expected. The markets are still characterised by big uncertainty. The activity level is still low on the Danish contract market, while especially Norway, Sweden and Germany are growing. The British market has had a positively affect in the period and has contributed with a higher growth than expected. The gross result went down as a result of increasing prices on raw materials. The development has been as expected.

Turnover of the period amounted to 197 DKK million against 184 DKK million last year, which presents an increase of 7%. The export share is now 80% against 78% last year.

The group's overheads, amounting to 89,7 DKK million (other external costs, staff expenditure and depreciations) has fallen by 4% compared to last year. The fall is primarily related to staff expenditure in connection with the closure of the factory in Vejle. As per 31 July 2012 the average number of employees was 475 against 461 last year.

Profit for the period before taxation and minority holdings amounted to 16,8 DKK million against 15,0 DKK million last year, which presents an increase of 11%.

Group cash flow from operations amounted to 37 DKK million against 4 DKK million last year. Less funds tied up in working capital amounted to 15 DKK million in all.

Investments in long-term assets in this period amounted to 13 DKK million. Investments during the second quarter is expected to amount to approx 10 DKK million.

## Prospects

Normally we operate with an order book corresponding to one week's production which makes it difficult to look months ahead. We have informed earlier that for the present accounting year we expect an increase in group turnover of 0-5% and a result before taxation of approx 50 DKK million.

Based on the development of the first quarter of 2012/13, we maintain our expectations to the result for the whole financial year, viz. a result before taxation of approx 50 DKK million. Expectations to the group turnover are still an increase of 0-5%. We want to stress, that it is still very difficult to predict how the market situation will develop in the near future.

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

### **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 out below, the accounting policies are unchanged from those applied in the Annual group Report 2011/12, to which refer is made. It holds a full description of the accounting policies in question.

With effect from 1 May 2012 egetæpper implemented changes to IFRS 7 and IAS 12. The implementation has not affected recognition and measurements.

## Profit and loss account 1 May - 31 July 2012

t.DKK	Note	<u>2012</u>	<u>2011</u>
Turnover		196.541	183.829
Change in stock of finished goods, work in progress and commercial goods		-12.657	9.403
Costs for raw materials, auxiliaries and commercial goods		-76.785	-79.987
Other external costs		<u>-33.989</u>	<u>-35.379</u>
<b>Gross profit</b>		73.110	77.866
Other operating entries		1.783	1.236
Staff costs		-48.777	-50.804
Depreciations		-6.933	-6.995
Other operating costs		<u>0</u>	<u>-12</u>
<b>Profit before financial entries and taxation</b>		19.183	21.291
Financial entries		55	34
Financial costs	1	<u>-2.469</u>	<u>-6.296</u>
<b>Profit before taxation</b>		16.769	15.029
Tax on profit for the period		<u>-4.477</u>	<u>-4.444</u>
<b>Profit for the period</b>		<u><u>12.292</u></u>	<u><u>10.585</u></u>
<b>Divided between:</b>			
Shareholders of egetæpper a/s		11.977	10.124
Minority shareholders		<u>315</u>	<u>461</u>
		<u><u>12.292</u></u>	<u><u>10.585</u></u>
Earnings per watered share, DKK (EPS-D)		<u>46</u>	<u>39</u>
Earnings per share, DKK (EPS)		<u>46</u>	<u>39</u>

## Consolidated income statement 1 May - 31 July

t.DKK	<u>2012</u>	<u>2011</u>
<b>Other consolidated income</b>		
Exchange rate adjustment of foreign subsidiaries	1.156	133
Tax on other consolidated income	<u>0</u>	<u>0</u>
Other consolidated income after tax	1.156	133
Profit for the period	<u>12.292</u>	<u>10.585</u>
<b>Total recognised consolidated income</b>	<u><u>13.448</u></u>	<u><u>10.718</u></u>
<b>Divided between</b>		
Shareholders of egetæpper a/s	13.133	10.257
Minority shareholders	<u>315</u>	<u>461</u>
	<u><u>13.448</u></u>	<u><u>10.718</u></u>



## Balance sheet

	31/7 <u>2012</u>	31/7 <u>2011</u>	30/4 <u>2012</u>
t.DKK			
<b>ASSETS</b>			
<b>Long-term assets</b>			
<b>Intangible assets</b>			
Development costs	381	612	439
Agency rights	1.610	1.610	1.610
Goodwill	<u>18.468</u>	<u>18.468</u>	<u>18.468</u>
<b>Total intangible assets</b>	<u>20.459</u>	<u>20.690</u>	<u>20.517</u>
<b>Tangible fixed assets</b>			
Land and buildings	149.099	138.541	148.511
Technical equipment and machinery	55.778	74.784	55.963
Operating equipment and fixtures	14.344	15.480	14.689
Tangible assets in course of construction as well as prepayments	<u>24.145</u>	<u>8.619</u>	<u>18.558</u>
	<u>243.366</u>	<u>237.424</u>	<u>237.721</u>
<b>Other long-term assets</b>			
Debtors	<u>11.206</u>	<u>0</u>	<u>12.388</u>
	<u>11.206</u>	<u>0</u>	<u>12.388</u>
<b>Total long-term assets</b>	<u>275.031</u>	<u>258.114</u>	<u>270.626</u>
<b>Short-term assets</b>			
Portion of long-term liabilities falling due within 1 year	6.194	0	6.194
Stocks	178.008	171.405	179.551
Debtors	90.656	99.337	95.901
Cash at bank and in hand	<u>20.494</u>	<u>8.601</u>	<u>12.140</u>
<b>Total short-term assets</b>	<u>295.352</u>	<u>279.343</u>	<u>293.786</u>
<b>TOTAL ASSETS</b>	<u><u>570.383</u></u>	<u><u>537.457</u></u>	<u><u>564.412</u></u>

## Balance

t.DKK	Note	31/7 2012	31/7 2011	30/4 2012
<b>LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital		27.668	27.668	27.668
Reserve for exchange rate adjustments		4.713	3.199	3.557
Accumulated result		323.763	293.984	311.786
Recommended dividend		<u>8.300</u>	<u>8.300</u>	<u>8.300</u>
		364.444	333.151	351.311
Minority shareholders' part		<u>3.931</u>	<u>4.077</u>	<u>5.096</u>
<b>Total capital and reserves</b>		<u>368.375</u>	<u>337.228</u>	<u>356.407</u>
<b>Creditors</b>				
<b>Long-term liabilities</b>				
Deferred taxation		21.186	19.521	21.187
Other long-term liabilities	2	36.976	35.049	35.844
Credit institutions		<u>11.665</u>	<u>20.016</u>	<u>11.738</u>
		<u>69.827</u>	<u>74.586</u>	<u>68.769</u>
<b>Short-term liabilities</b>				
Portion of long-term liabilities falling due within 1 year		9.775	9.854	9.812
Trade creditors		31.710	32.131	33.573
Bank debts		5.186	14.086	24.125
Company tax		14.534	7.675	11.564
Provisions for liabilities		286	0	1.200
Other amounts owed		<u>70.690</u>	<u>61.897</u>	<u>58.962</u>
		<u>132.181</u>	<u>125.643</u>	<u>139.236</u>
<b>Total creditors</b>		<u>202.008</u>	<u>200.229</u>	<u>208.005</u>
<b>TOTAL LIABILITIES</b>		<u>570.383</u>	<u>537.457</u>	<u>564.412</u>

## Cash flow statement 1 May - 31 July

t.DKK	<u>2012</u>	<u>2011</u>
Turnover and other operating income	199.480	185.198
Operating costs	-179.141	-163.774
Depreciations	6.933	6.995
Change in working capital	<u>14.259</u>	<u>-16.675</u>
Cash flow from activities before financial items	41.531	11.744
Interest receipts or similar	55	34
Interest payments or similar	<u>-2.614</u>	<u>-6.427</u>
Cash flow from ordinary activities	38.972	5.351
Corporation tax paid	<u>-1.508</u>	<u>-1.744</u>
<b>Cash flows from operating activities</b>	<u>37.464</u>	<u>3.607</u>
Acquisition of intangible assets	0	0
Acquisition of tangible assets	-12.520	-6.705
Sale of tangible assets	1.182	7
Acquisition of subsidiary company	<u>0</u>	<u>0</u>
<b>Cash flows to investment activities</b>	<u>-11.338</u>	<u>-6.698</u>
Change in long-term liabilities	1.059	4.904
Change in operating credits	-18.976	-2.412
Dividend paid	0	0
Dividend paid to minority shareholders	<u>0</u>	<u>0</u>
<b>Cash flows from financing activities</b>	<u>-17.917</u>	<u>2.492</u>
Cash flows of the period	8.209	-599
Cash and cash equivalents at beginning of period	12.140	9.069
Value adjustment of cash and cash equivalents	<u>145</u>	<u>131</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>20.494</u></u>	<u><u>8.601</u></u>

## Statement of capital and reserves

t.DKK	Share capital	Reserve for exchange rate adjustment	Accumulated profit	Recommended dividend	Total	Minority shareholders	Total capital and reserves
<b>Capital and res. 1 May 2011</b>	27.668	3.066	283.860	8.300	322.894	5.281	328.175
Profit for the period	0	0	10.124	0	10.124	461	10.585
Other consolidated income	0	133	0	0	133	0	133
Dividend paid	0	0	0	0	0	-1.665	-1.665
Dividend on own shares	0	0	0	0	0	0	0
<b>Total cap. &amp; res. 31 July 2011</b>	<u>27.668</u>	<u>3.199</u>	<u>293.984</u>	<u>8.300</u>	<u>333.151</u>	<u>4.077</u>	<u>337.228</u>
<b>Capital and res. 1 August 2011</b>	27.668	3.199	293.984	8.300	333.151	4.077	337.228
Profit for the period	0	0	17.365	8.300	25.665	1.019	26.684
Other consolidated income	0	358	0	0	358	0	358
Dividend paid	0	0	0	-8.300	-8.300	0	-8.300
Dividend on own shares	0	0	437	0	437	0	437
<b>Total cap. &amp; res. 30 April 2012</b>	<u>27.668</u>	<u>3.557</u>	<u>311.786</u>	<u>8.300</u>	<u>351.311</u>	<u>5.096</u>	<u>356.407</u>
<b>Capital and res. 1 May 2012</b>	27.668	3.557	311.786	8.300	351.311	5.096	356.407
Profit for the period	0	0	11.977	0	11.977	315	12.292
Other consolidated income	0	1.156	0	0	1.156	0	1.156
Dividend paid	0	0	0	0	0	-1.480	-1.480
Dividend on own shares	0	0	0	0	0	0	0
<b>Total cap. &amp; res. 31 July 2012</b>	<u>27.668</u>	<u>4.713</u>	<u>323.763</u>	<u>8.300</u>	<u>364.444</u>	<u>3.931</u>	<u>368.375</u>



## Notes

	<u>2012</u>	<u>2011</u>	
<b>1 Financial costs</b>			
Other interest expenses	370	418	
Exchange rate adjustments	967	3.133	
Value adjustment on forward option on purchase of minority entry	<u>1.132</u>	<u>2.745</u>	
	<u><u>2.469</u></u>	<u><u>6.296</u></u>	
	31/7	31/7	30/4
	<u>2012</u>	<u>2011</u>	<u>2012</u>
<b>2 Other long-term liabilities</b>			
At the beginning of the period	35.844	32.304	32.304
Dividend paid	0	0	-2.891
Profit for the period	<u>1.132</u>	<u>2.745</u>	<u>6.431</u>
	<u><u>36.976</u></u>	<u><u>35.049</u></u>	<u><u>35.844</u></u>

Other long-term liabilities incorporate value of forward contract on purchase of the remaining 49% of Bentzon Carpets ApS' shares. According to the forward contract the remaining shares will be acquired on 1 May 2020 at the latest at a price corresponding to the accounting net asset value. Liabilities will be increased/reduced on an annual basis with a part of the profit for the year and lowered with a part of the dividend paid.

## 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

	Direct	Indirect	Total
	sale	sale	reportable
<b>1 May 2012 - 31 July 2012</b>			segments
External revenue	156.894	39.647	196.541
Market contribution	32.186	12.071	44.257
Assets	156.278	13.340	169.618

	Direkte	Indirekte	Rapporterings-
	salg	salg	pligtige
<b>1 May 2011 - 31 July 2011</b>			segmenter i alt
External revenue	156.922	26.907	183.829
Market contribution	34.871	6.414	41.285
Assets	146.337	9.466	155.803

<b>Reconciliation of result for the period before tax</b>	2012/13	2011/12
Segmental result for reportable segments	44.257	41.285
Unallocated depreciations	-5.496	-5.341
Unallocated financial costs	-3.456	-4.408
Unallocated costs	-18.536	-16.507
<b>Result for the period, cf. Income Statement</b>	<b>16.769</b>	<b>15.029</b>

<b>Reconciliation of assets</b>	2012/13	2011/12
Assets for reportable segments	169.618	155.803
Unallocated stock	135.979	136.876
Unallocated cash and cash equivalents	8.114	1.660
Unallocated tangible fixed assets	256.672	243.118
<b>Assets, cf. Balance sheet</b>	<b>570.383</b>	<b>537.457</b>