

egetæpper a/s

Interim report 2011/12
(1 May - 31 July 2011)

CVR-nr. 38 45 42 18

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Kongelig Hofleverandør
egetæpper a/s

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egetæpper a/s

Herning, 29 August 2011

Financial highlights for the group

DKK million	<u>1/5- 31/7 2011</u>	<u>1/5- 31/7 2010</u>	<u>2010/11</u>
Turnover	184	177	738
Result before financial entries and taxation (EBIT)	21	14	58
Financial entries (net)	-6	-4	-11
Result before taxation	15	10	47
Profit for the period	10	7	32
Minority shareholders' part	0	0	-2
Group net result	10	7	30
Total assets at end of period	538	533	525
Net working capital	177	159	162
Capital and reserves	28	28	28
Capital and reserves at end of period excl. of minority holdings	333	301	323
Number of employees	461	460	461
Investments in long-term assets	7	5	22
Depreciations	7	9	30
Net profit ratio (EBIT-margin)	12	8	8
Return on invested capital after taxation (p.a.)	12	8	10
Equity ratio	62	56	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	1.271	1.147	1.232
Stock exchange price	1.004	898	1.050
Stock exchange price /net asset value	0,79	0,78	0,85

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 2011.

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 2011 as well as of the result of the group's activities and cash flows for the period 1 May – 31 July 2011.

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, 29 August 2011

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

Brian Kristensen
Staff representative

Jens Højriis Jensen
Staff representative

Management report

In the annual report for 2010/11 our expectations to 2011/12 read as follows:

"The financial crisis still has an impact on a number of our markets. Among our important markets, especially Denmark and England are affected by the crisis. The activity level within the building industry is still low in parts of Europe. However, the adjustments made during the last years as well as the continued focus on product development and strengthening of our sales organization form a good basis for the financial year ahead."

The activity level in the first quarter of 2011/12 has been as expected. The markets are still characterised by big uncertainty. The activity level is still low on the Danish and British contract markets, while especially Norway, Sweden and the Middle East are growing. The development in earnings is positive, well supported by rising exchange rates.

Turnover of the period amounted to 184 DKK million against 177 DKK million last year, which presents an increase of 4%. The export share is now 78% against 76% last year.

The group's overheads, amounting to 93.2 DKK million (other external costs, staff expenditure and depreciations) increased by 3% compared to last year. As per 31 July 2011 the average number of employees was 461 against 460 last year.

Profit for the period before taxation and minority holdings amounted to 15.0 DKK million against 9.6 DKK million last year. Last year's result was affected negatively by 3 DKK million due to revaluations and group internal profit on stocks in connection with the takeover of Bentzon Carpets ApS. Adjusted for this, the result before taxation increased by 19%.

Group cash flow from operations amounted to 4 DKK million against 18 DKK million last year. Increased funds tied up in working capital amounted to 17 DKK million in all. Rising prices of raw material have caused increased funds tied up in stocks. Consequently the value of stocks increased by 12 DKK million.

Investments in long-term assets in this period amounted to 7 DKK million. Investments during the second quarter is expected to be at the same level.

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 5-10% and a result before taxation of approx. 40 DKK million.

Based on the development of the first quarter of 2011/12, we maintain our expectations to the result for the whole financial year, viz. a result of approx. 40 DKK million. Increasing prices of raw materials will have a negative effect on the remaining part of the financial year. Expectations to the group turnover are still an increase of 5-10%. We want to stress, that it is still very difficult to predict how the market situation will develop from now on.

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

Decisions and proposals made by the board of directors

The board of directors has decided not to repurchase own shares in the period until the next board meeting.

Accounting policies

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

Other than as set out below, the accounting policies are unchanged from those applied in the Annual group Report 2010/11, to which refer is made. It holds a full description of the accounting policies in question.

With effect from 1 May 2011 egetæpper implemented IAS 24 "Related party disclosures" and "Improvements to IFRS May 2010".

The implementation has not affected recognition and measurements.

Profit and loss account 1 May - 31 July 2011

t.DKK	<u>2011</u>	<u>2010</u>
Turnover	183.829	176.720
Change in stock of finished goods, work in progress and commercial goods	9.403	20.536
Other operating income	1.236	499
Costs for raw materials, auxiliaries and commercial goods	-79.987	-93.421
Other external costs	<u>-35.379</u>	<u>-32.319</u>
Gross profit	79.102	72.015
Staff costs	-50.804	-49.425
Depreciations	-6.995	-9.007
Other operating costs	<u>-12</u>	<u>0</u>
Profit before financial entries and taxation	21.291	13.583
Financial entries	34	81
Financial costs	<u>-6.296</u>	<u>-4.069</u>
Profit before taxation	15.029	9.595
Tax on profit for the period	<u>-4.444</u>	<u>-2.592</u>
Profit for the period	<u><u>10.585</u></u>	<u><u>7.003</u></u>
Divided between:		
Shareholders of egetæpper a/s	10.124	6.560
Minority shareholders	461	443
	<u><u>10.585</u></u>	<u><u>7.003</u></u>
Earnings per watered share, DKK (EPS-D)	<u>39</u>	<u>25</u>
Ernings per share, DKK (EPS)	<u>39</u>	<u>25</u>

Consolidated income statement 1 May - 31 July

t.DKK	<u>2011</u>	<u>2010</u>
Other consolidated income		
Exchange rate adjustment of foreign subsidiaries	133	452
Tax on other consolidated income	<u>0</u>	<u>0</u>
Other consolidated income after tax	133	452
Profit for the period	<u>10.585</u>	<u>7.003</u>
Total recognised consolidated income	<u><u>10.718</u></u>	<u><u>7.455</u></u>
 Devided between		
Shareholders of egetæpper a/s	10.257	7.012
Minority shareholders	<u>461</u>	<u>443</u>
	<u><u>10.718</u></u>	<u><u>7.455</u></u>

Balance sheet

t.DKK	31/7 2011	31/7 2010	30/4 2011
ASSETS			
Long-term assets			
Intangible assets			
Development costs	612	669	670
Agency rights	1.610	0	1.610
Goodwill	18.468	18.000	18.468
Total intangible assets	<u>20.690</u>	<u>18.669</u>	<u>20.748</u>
Tangible fixed assets			
Land and buildings	138.541	141.260	141.731
Technical equipment and machinery	74.784	66.451	79.214
Operating equipment and fixtures	15.480	16.104	13.694
Tangible assets in course of construction as well as prepayments	8.619	21.125	3.024
	<u>237.424</u>	<u>244.940</u>	<u>237.663</u>
Total long-term assets	<u>258.114</u>	<u>263.609</u>	<u>258.411</u>
Short-term assets			
Stocks	171.405	146.286	159.347
Debtors	99.337	105.161	98.635
Company tax receivable	0	0	0
Cash at bank and in hand	8.601	17.273	9.069
Total short-term assets	<u>279.343</u>	<u>268.720</u>	<u>267.051</u>
TOTAL ASSETS	<u>537.457</u>	<u>532.329</u>	<u>525.462</u>

Balance sheet

t.DKK	31/7 2011	31/7 2010	30/4 2011
LIABILITIES			
Capital and reserves			
Share capital	27.668	27.668	27.668
Reserve for exchange rate adjustments	3.199	1.427	3.066
Accumulated result	293.984	268.707	283.860
Recommended dividend	8.300	2.767	8.300
	333.151	300.569	322.894
Minority shareholders' part	4.077	4.039	5.281
Total capital and reserves	337.228	304.608	328.175
Liabilities			
Long-term liabilities			
Deferred taxation	23.965	22.461	19.521
Other long-term liabilities	35.049	29.117	32.304
Credit institutions	20.016	25.281	17.857
	79.030	76.859	69.682
Short-term liabilities			
Portion of long-term liabilities due within 1 year	9.854	13.322	8.788
Trade creditors	32.131	30.740	38.348
Bank debts	14.086	45.025	17.564
Company tax	3.231	383	4.975
Other amounts owed	61.897	61.392	57.930
	121.199	150.862	127.605
Total creditors	200.229	227.721	197.287
TOTAL LIABILITIES	537.457	532.329	525.462

Cash flow statement 1 May - 31 July

t.DKK	2011	2010
Turnover and other operating income	185.198	177.671
Operating costs	-163.774	-163.636
Depreciations	6.995	9.007
Change in working capital	-16.675	36
Cash flow from activities before financial items	11.744	23.078
Interest receipts or similar	34	81
Interest payments or similar	-6.296	-4.069
Cash flow from ordinary activities	5.482	19.090
Corporation tax paid	-1.744	-1.002
Cash flows from operating activities	3.738	18.088
Acquisition of intangible assets	0	0
Acquisition of tangible assets	-6.705	-5.560
Sale of tangible assets	7	149
Acquisition of subsidiary company	0	-44.703
Cash flows to investment activities	-6.698	-50.114
Change in long-term liabilities	4.904	2.165
Change in operating credits	-2.412	27.513
Dividend paid	0	0
Dividend paid to minority shareholders	0	0
Cash flows from financing activities	2.492	29.678
Cash flows of the period	-468	-2.348
Cash and cash equivalents at beginning of period	9.069	19.621
Value adjustment of cash and cash equivalents	0	0
Cash and cash equivalents at end of period	8.601	17.273

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
Capital and res. 1 May 2010	27.668	975	262.147	2.767	293.557	4.780	298.337
Profit for the period	0	0	6.560	0	6.560	443	7.003
Other consolidated income	0	452	0	0	452	0	452
Dividend paid	0	0	0	0	0	-1.184	-1.184
Dividend on own shares	0	0	0	0	0	0	0
Total cap. & res. 31 July 2010	<u>27.668</u>	<u>1.427</u>	<u>268.707</u>	<u>2.767</u>	<u>300.569</u>	<u>4.039</u>	<u>304.608</u>
Capital & res. 1 August 2010	27.668	1.427	268.707	2.767	300.569	4.039	304.608
Profit for the period	0	0	15.007	8.300	23.307	1.242	24.549
Other consolidated income	0	1.639	0	0	1.639	0	1.639
Dividend paid	0	0	0	-2.767	-2.767	0	-2.767
Dividend on own shares	0	0	146	0	146	0	146
Total cap.& res. 30 April 2011	<u>27.668</u>	<u>3.066</u>	<u>283.860</u>	<u>8.300</u>	<u>322.894</u>	<u>5.281</u>	<u>328.175</u>
Capital & res. 1 May 2011	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
Total cap. & res. 31 July 2011	<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>

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 and material used for production as well as cost, which are directly referable to the individual markets.

Segmental information

	Direct	Indirect	Total
	sale	sale	reportable
1 May 2011 - 31 July 2011			segments
External revenue	156.922	26.907	183.829
Market contribution	34.871	6.414	41.285
Assets	146.337	9.466	155.803

	Direct	Indirect	Total
	sale	sale	reportable
1 May 2010 - 31 July 2010			segments
External revenue	148.109	28.611	176.720
Market contribution	33.054	7.735	40.789
Assets	151.544	8.653	160.197

Reconciliation of result for the period before tax	2011/12	2010/11
Segmental result for reportable segments	41.285	40.789
Unallocated depreciations	-5.341	-7.257
Unallocated financial costs	-4.408	-4.241
Unallocated costs	-16.507	-19.696
Result for the period, cf. Income Statement	15.029	9.595

Reconciliation of assets	2011/12	2010/11
Assets for reportable segments	155.803	160.197
Unallocated stock	136.876	113.858
Unallocated cash and cash equivalents	1.660	5.253
Unallocated tangible fixed assets	243.118	253.021
Assest, cf. Balance sheet	537.457	532.329