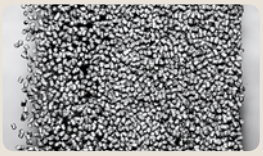
schouw+co







ANNUAL REPORT 2008

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This publication is a translation of the statutory Danish Annual Report 2008. The original Danish text shall be controlling for all purposes, and in cases of discrepancy, the Danish wording shall be applicable.

Tight management and a refocused approach



The year of 2008 was an unusual year. We had positive expectations and were focused on sustaining growth and development, but as the year wore on, the financial turmoil escalated and became a global economic crisis, putting even healthy and well-run businesses under severe pressure.

Naturally, Schouw & Co. was also affected by the economic downturn. In particular, the fourth quarter was a challenge for our businesses, and the value of our substantial holding of Vestas shares was strongly reduced.

At Schouw & Co., we are not in a crisis, but naturally we are concerned about the global developments and the consequences they will have for our businesses. However, our business model of maintaining ownership of strong businesses in different industries means that they are not all equally impacted by the global economic fluctuations.

For a number of years, we have had a strategic goal of retaining our financial versatility. For this reason, we have focused on having a high equity ratio and good business relations with a few large banks. In 2008, we strengthened our cash holdings by selling 800,000 Vestas shares at very attractive prices, generating proceeds of DKK 535 million; thus, we are in a good position to tackle substantial financial challenges.

We are prepared to see the current situation drag on for a long time and 2009 will be a challenging year. That is why we have taken some significant steps to ensure that we will make it through the year in the best possible way. Unfortunately, we have had to lay off many skilled and loyal employees. We have made some big cuts in our capacity costs and have postponed all investments having no direct impact on our day-to-day operations

The management challenge will be to ensure a tight focus on core activities, to constantly assess the risk situation, to be ready for change and take firm action, but at the same time we must be prepared to capitalise on the opportunities that will undoubtedly arise in all our businesses.

In the short term, the strategic agenda will change towards an even greater focus on profitability. The work to reduce our working capital and enhance our cash flows will be given very high priority. In recent years, we have invested heavily in increasing capacity and we now have some very good opportunities to capitalise on that.

It is difficult to predict the long-term consequences of the current economic crisis. However, there is no doubt that it will take hard work to restore earnings to a satisfactory level. We are confident, however, that the strong market positions held by our businesses will create value in the longer term and our long-term ambitions to strengthen and grow Schouw & Co. are unchanged.

Jens Bjerg Sørensen
President

Key figures

GROUP SUMMARY (DKK MILLION)	2008	2007	2006	2005	2004
Revenue	9,821.2	8,150.3	7,370.2	3,734.8	3,382.5
EBITDA	756.5	764.3	788.8	421.9	456.6
EBITA	337.6	438.8	471.5	203.8	212.0
Operating profit (EBIT)	124.4	438.8	471.5	201.6	212.0
Profit after tax in associates	4.0	(3.0)	4.2	0.1	(0.7)
Profit/loss from divestment of equity investments	21.4	0.0	282.9	17.6	0.0
Adjustments of the Vestas shares	(871.5)	1,466.8	692.4	381.0	(170.4)
Net financials before adjustments of the Vestas shares	(143.5)	(136.5)	(102.9)	(70.6)	(68.3)
Profit/(loss) before tax	(865.2)	1,766.1	1,348.1	529.7	(27.4)
Tax on the profit/loss for the year	(38.3)	(102.4)	(107.9)	(33.1)	(38.5)
Profit for the year from continuing operations	(903.5)	1,663.7	1,240.2	496.6	(65.9)
Profit for the year from discontinued operations	0.1	19.5	74.6	0.0	0.0
Profit/(loss) for the year	(903.4)	1,683.2	1,314.8	496.6	(65.9)
Share of equity attributable to shareholders of Schouw & Co.	4,414.7	4,972.4	3,460.6	2,307.6	1,789.7
Minority interests	220.2	669.1	380.8	472.1	118.6
Total equity	4,634.9	5,641.5	3,841.4	2,779.7	1,908.3
Total assets	10,153.2	10,316.4	7,465.8	6,965.1	4,249.8
Net interest bearing debt	2,996.4	2,641.3	2,071.6	2,711.5	1,617.7
Working capital	2,208.3	1,842.4	1,596.0	1,457.0	919.6
Other financial data					
Average number of employees in the year	3,743	3,541	3,352	2,784	2,690
Investments in property, plant and equipment	335.2	308.8	536.7	450.9	338.9
Depreciation of property, plant and equipment	328.0	300.5	293.2	187.3	204.0
Return on equity (%)	(19.1)	39.2	43.0	24.3	(3.4)
ROIC (%)	7.2	10.3	13.5	7.5	9.0
Equity ratio (%)	45.6	54.7	51.5	39.9	44.9
Cash flow from operating activity	273.0	281.4	420.3	275.7	242.6
EBITDA ratio	7.7%	9.4%	10.7%	11.3%	13.5%
Per share data*					
Earnings per share (of DKK 10)	(35.34)	70.74	52.76	21.09	(2.65)
Diluted earnings per share (of DKK 10)	(35.34)	70.45	52.56	21.06	(2.65)
Dividend per share (of DKK 10)	3.00	3.00	3.00	1.50	1.00
Net asset value per share (of DKK 10)	168.25	215.42	147.99	97.68	75.84
Share price at year end (of DKK 10)	76.21	220.70	180.09	115.01	61.33
Price/net asset value	0.45	1.02	1.22	1.18	0.81
P/E	neg.	3.12	3.41	5.45	neg.
Market capitalisation	1,999.7	5,094.3	4,211.0	2,717.0	1,447.0

The financial ratios have been calculated in accordance with »Recommendations & Ratios 2005«, issued by the Danish Society of Financial Analysts.

* Key ratios per share have been adjusted to reflect the issue of bonus shares.

Highlights

- Schouw & Co. lifted its consolidated revenue by 20.5% to DKK 9,821.2 million. Growth was based mainly on the operations acquired from Provimi Aqua, but the rest of the BioMar operations and Grene also generated double-digit growth rates.

- Operating profit before goodwill impairment was DKK 337.6 million against DKK 438.8 million in 2007. The decline was mainly due to Martin and BioMar, while Fibertex and Grene improved their operating profits.

- Overall, consolidated operations were in line with the most recent guidance, but Schouw & Co. has recognised a goodwill impairment loss in Martin of DKK 213.1 million.

- The 2008 profit before tax included an DKK 871.5 million negative value adjustment on the holding of Vestas shares. In 2007, the Vestas holding had a positive effect of DKK 1,466.8 million. Accordingly, we posted a consolidated loss before tax of DKK 865.2 million against a profit of DKK 1,766.1 million in 2007.

- Exclusive of the effects of the holding of Vestas shares and goodwill impairment, profit before tax was DKK 219.4 million, compared with DKK 299.3 million in 2007.

- BioMar reported a strong revenue improvement. The profit before tax of DKK 33.4 million was affected by impairment losses of DKK 57.5 million due to the closure of two factories as part of an efficiency-improvement programme.

- Fibertex reported unchanged revenue, but an improvement in profit before tax by DKK 55.3 million to DKK 60.4 million.

- Grene reported organic revenue growth of 11% and a satisfactory profit of DKK 128.4 million deriving mainly from Hydra-Grene.

- Martin faced a challenging fourth quarter and reported an unsatisfactory profit before tax of DKK 5.2 million.

- The Board of Directors proposes to the shareholders in general meeting to keep dividends at DKK 3 per share.

- The Board of Directors proposes that the company's share capital be reduced to DKK 25 million by cancellation of 2.5 million shares from the company's holding of treasury shares.

- Schouw & Co. projects consolidated full-year 2009 revenue of approximately DKK 9 billion and a profit before tax in the range of DKK 50–150 million exclusive of the effects from the holding of Vestas shares. This guidance is based on the current global financial turmoil, which is causing uncertainty at substantially above 'normal' levels.

Our businesses



BioMar

The world's third-largest manufacturer of quality feed for the fish farming industry. The core business areas are feed for salmon, trout, sea bass and sea bream. Production facilities in six European countries and in Chile. Core markets: Norway and Chile.

Partly owned by Schouw & Co. since the end of 2005 and wholly owned since 2008.

Strategic goals

- Maintain tight risk management of trade payables and raw materials and reduce the capital tie-up.
- Achieve the synergies anticipated from the Provimi acquisition.
- Improve operating profit by maintaining cost efficiency throughout the value chain.
- Build enduring competitive strength through innovation and by optimising feed composition.



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

- Expand the position as one of the world's largest manufacturers of nonwovens.
- Sustain profitability enhancements through increased production efficiency and capitalisation of the large investments implemented.
- To capitalise on the potential of the production units in central Europe and Asia.
- To be a leading player in the innovation and development of value-added products.



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

- Enhance profitability in the Agro and Industry business areas by capitalising on implemented investments.
- Continue the expansion into eastern and central Europe and create a significant European provider of agro-products.
- For Hydra-Grene's successful expansion to continue in tandem with the wind turbine industry.
- Reduce the working capital tie-up.



Martin

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

Partly owned by Schouw & Co. since 1999 and wholly owned since 2001.

Strategic goals

- Align the business model to a lower break-even revenue through major improvement and efficiency-enhancing initiatives.
- To expand the position as global market leader in order to generate long-term stable earnings at an attractive level.
- To focus the sales efforts by way of the 'One Europe' strategy and increase sales of existing products for new customer segments.
- Retain innovation and product development.



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 leading provider of manure-based biogas plants.
- To industrialise the product platform through technology innovation and biological research.
- To expand the market position on selected European markets that provide attractive framework conditions for biogas plants.
- To secure a long-term, sustainable business platform.



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.

Properties

In addition to properties of the portfolio companies, the parent company, Schouw & Co., has direct ownership of three properties related to the Group's current or former business activities. The properties are recognised under property, plant and equipment.

Management's report

Financial performance

Schouw & Co. lifted its consolidated revenue by 20.5% to DKK 9,821.2 million from DKK 8,150.3 million in 2007.

The large improvement derived mainly from BioMar, as the operations acquired from Provimi Aqua were recognised with effect from February 1, 2008 and, to a lesser extent, from Grene. Fibertex generated revenue in line with last year, while Martin and Xergi reported revenue falls.

Operating profit before goodwill impairment was DKK 337.6 million against DKK 438.8 million in 2007. The decline was mainly due to Martin, but also to BioMar and, to a slight extent, Xergi, while Fibertex and Grene improved their operating profits.

Overall, consolidated operations were in line with the most recent guidance as expressed in the Q3 2008 interim report, but the Board of Directors has recognised a goodwill impairment loss of DKK 213.1 million in Martin.

The 2008 profit before tax included a DKK 871.5 million negative value adjustment on the holding of Vestas shares. In 2007, the Vestas holding had a positive effect of DKK 1,466.8 million. Accordingly, the Group posted a consolidated loss before tax of DKK 865.2 million against a profit of DKK 1,766.1 million in 2007.

Exclusive of the effects of the holding of Vestas shares and goodwill impairment, profit before tax was DKK 219.4 million, compared with DKK 299.3 million in 2007. The profit for 2008, which includes a DKK 58.5 million profit from the sale of shares in AquaGen and Martin Security Smoke, was not satisfactory.

The calculation of the tax for the year was influenced by the fact that the negative effects from the holding of Vestas shares and goodwill impairment are not tax deductible, just as the realised profit from the sale of shares in Vestas, AquaGen and Martin Security Smoke were not taxable.

The consolidated profit after tax also includes the share of the profit in BioMar's 50.9%-owned subsidiary Sjøtroll Havbruk, which is recognised separately under »Profit from discontinued operations«. The profit from discontinued operations for 2008 was recognised at DKK 0.1 million against DKK 19.5 million in 2007.

The Group posted a loss after tax for 2008 of DKK 903.4 million against a profit of DKK 1,683.2 million in 2007.

Group developments

In November 2007, BioMar agreed to acquire the fish feed operations of Provimi Aqua. The acquisition subsequently received the approval of the competition authorities and was finalised to the effect that the new operations were recognised in the consolidated financial statements as from February 1, 2008.

The acquisition of Provimi Aqua's fish feed activities firmly consolidated BioMar's position as the world's third-largest producer of quality feed for industrial fish farming and the transaction brought BioMar close to the number two position in the industry in terms of volume.

Schouw & Co. held 68.82% of the shares in BioMar Holding at the beginning of 2008, but at the annual general meetings of BioMar on April 15 and in Schouw & Co. on April 16, 2008, the shareholders resolved to approve a merger of BioMar Holding and Schouw & Co. with the latter as the continuing company.

The practical result of the merger was that the remaining shareholders of BioMar Holding became shareholders of Schouw & Co. and that BioMar became a wholly owned subsidiary of the Schouw & Co. Group.

Following the merger, a number of technical changes were made in order to set up an appropriate corporate structure under the parent company, now renamed BioMar Group A/S.

At the end of 2007, BioMar agreed to divest a minor, non-strategic stake in AquaGen in 2008. The transaction contributed a DKK 37.1 million profit to the Q1 2008 financial results.

Also in the first quarter, Martin divested its subsidiary Martin Security Smoke, which was not a part of the core business, to a Danish buyer at an accounting profit of DKK 21.4 million.

In the second quarter of 2008, in a move to strengthen its position in the market for light controllers, Martin acquired the shares of R&D International, a Belgian development company, at a price of DKK 18.2 million.

At the end of 2008, as part of a move to centralise its European sales organisation, Martin also acquired the outstanding 49% minority interest in its German sales subsidiary at a price of DKK 22.8 million.

Vestas Wind Systems

Until the end of the first quarter of 2008, Schouw & Co. held 4,800,000 shares in Vestas, equal to a 2.59% ownership interest.

Schouw & Co. sold a total of 401,700 Vestas shares in the second quarter of 2008 at an average price of DKK 672.69 per share

In the third quarter of 2008, Schouw & Co. sold a further 398,300 Vestas shares at an average price of DKK 666.41 per share.

Accordingly, the sale of shares in Vestas strengthened the Group's cash resources by DKK 535.7 million.

Following the sale of shares, Schouw & Co. held, and continues to hold, 4,000,000 shares in Vestas, equal to a 2.16% ownership interest.

The official price (all trades) was DKK 546.85 per share at December 31, 2007, while it was DKK 304.43 per share at December 31, 2008.

In other words, a realised capital gain of DKK 98.2 million and an unrealised capital loss of DKK 969.7 million were recognised in respect of the 2008 financial year. Accordingly, the holding of Vestas shares had an overall negative impact on the consolidated financial items of DKK 871.5 million.

Incuba

Schouw & Co. holds a 49% 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 reported a profit for the year after tax of DKK 5.0 million, of which DKK 2.5 million was recognised in Schouw & Co.'s consolidated financial statements.

For 2009, Incuba anticipates a modest profit exclusive of any value adjustments on venture activities.



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 the factory leased to the former subsidiary Elopak Denmark; and Sadelmagervej 24, Vejle, a small office and warehouse facility which is also leased to a company that was formerly a part of the Group.

At December 31, 2008, the parent company's properties were recognised in the consolidated financial statements at DKK 83.8 million.

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 related to 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 and Chile.

The insurance cover taken out is usual for assets of this nature, 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, a part of which has short-term maturities, while a 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.

Goodwill

The Group's recognised goodwill is tested for impairment annually.

The impairment test was based on the assumption that the recent developments of the financial crisis and the economic downturn were not representative of a permanent situation. Instead, the assumption was that conditions will gradually normalise over the next couple of years.

The company of the Group that has been affected the most by the financial crisis is Martin. Martin currently has its strongest product portfolio ever and enjoys a leading global position, but in response to the downturn in the fourth quarter of 2008 and the beginning of 2009 and the ensuing uncertainty, Schouw & Co. has recognised a goodwill impairment loss of DKK 213.1 million.

As a result, the consolidated goodwill recognised in continuing operations at December 31, 2008 amounted to DKK 850.1 million and was distributed on: BioMar (DKK 676.2 million), Fibertex (DKK 104.4 million), Grene (DKK 14.3 million), and Xergi (DKK 6.8 million), while DKK 48.4 million related to Martin's acquisition of subsidiaries. In addition, DKK 81.1 million relating to Sjøtroll was recognised under discontinued operations.

▶



▶ The Group's capital resources

The recent financial turmoil has ravaged most parts of the world to quite an unusual extent. In times like these, it is very reassuring to know that the Schouw & Co. Group has a relatively high equity ratio and therefore only moderate financial gearing.

A substantial part of the Schouw & Co. Group's debt is based on credit facilities that can in principle be terminated at short notice. The company endeavours to eliminate the risk of such event by maintaining close relationships with a small number of large financial business partners.

Currently, the Group has 93% of its net interest-bearing debt with Danske Bank, Nordea, DnBNOR, FIH and Nykredit.

The consolidated net interest-bearing debt amounted to DKK 2,996.4 million at December 31, 2008, of which the share attributable to the parent company consisted of a DKK 163.7 million receivable.

Of the overall debt, the non-current and current components represent 56% and 44%, respectively and 80% carries floating interest. In terms of currencies, 32% is in Danish kroner and 39% is in euros. The rest is denominated in local currencies in markets where the Group has material business activities.

In addition to the substantial financial strength and the strong relations with the Group's financial business partners, Schouw & Co. has access to special liquidity reserves in the form of 4,000,000 shares in Vestas.

Notwithstanding the fact that Vestas shares have fluctuated considerably, this stake in Vestas remains a valuable and marketable asset that has not been pledged or is otherwise encumbered. In other words, the holding of Vestas shares helps to preserve the Group's financial latitude.

Events after the balance sheet date

After December 31, 2008, Schouw & Co. has acquired an additional 809,389 treasury shares at a total price of DKK 68.9 million.

Other than as set out above, Schouw & Co. is not aware of events occurring after December 31, 2008, which are expected to have a material impact on the Group's financial position or outlook.

Capital reduction

The share capital of Schouw & Co. was increased to a nominal amount of DKK 280 million in connection with the merger of Schouw & Co. and BioMar Holding in the second quarter of 2008.

In light of the current level of the company's share price and the Group's general capital structure, the Board of Directors has found that acquiring treasury shares within the authority provided by the shareholders in general meeting is an appropriate step in the interest of the shareholders.

The company currently holds 2,569,898 treasury shares and the Board of Directors intends to recommend to the upcoming annual general meeting that the company's share capital be reduced by a nominal value of DKK 25 million.

The Board recommends to implement the capital decrease by cancelling 2,500,000 shares from the company's holding of treasury shares.

This would have the effect of distributing the Group's total assets on fewer shares for the benefit of all shareholders.

Outlook

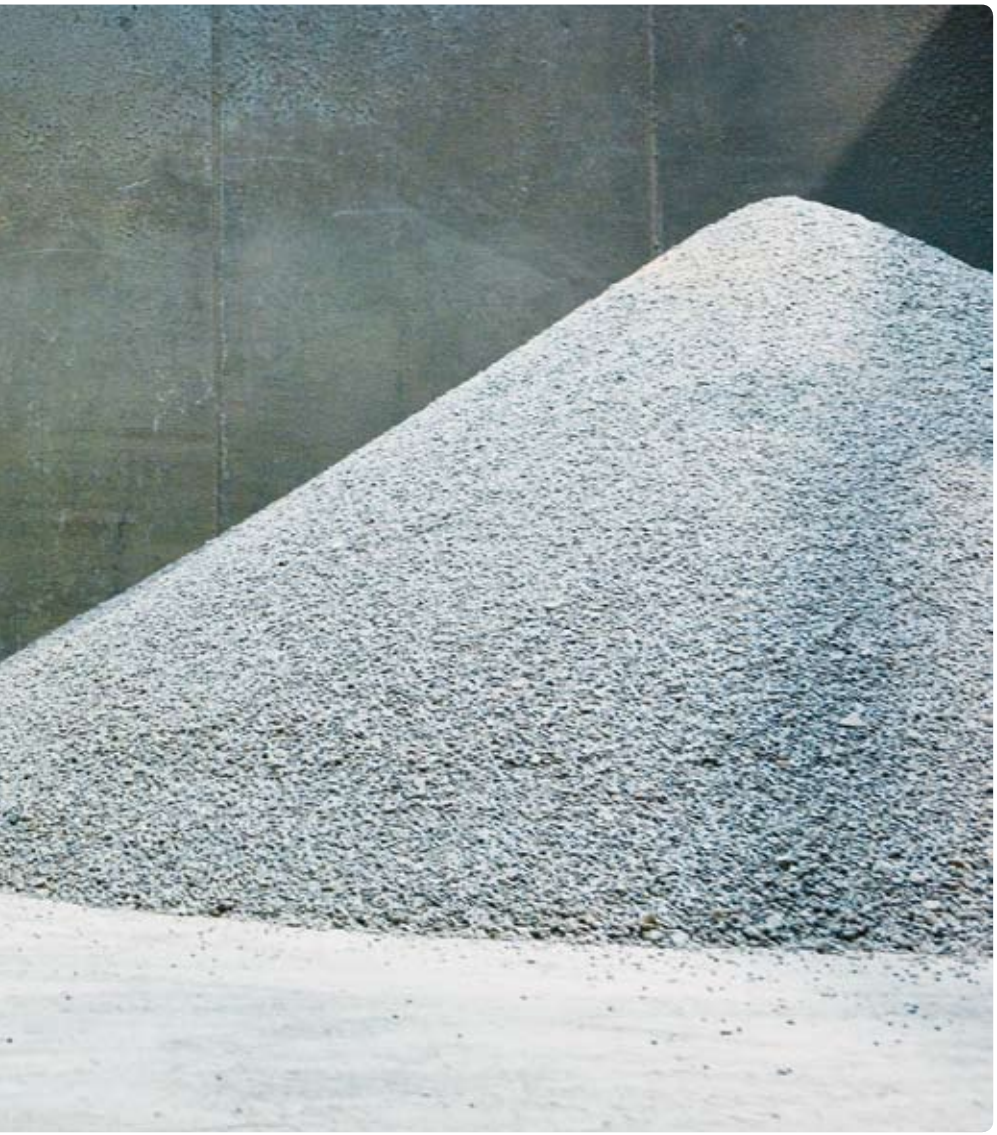
The global financial crisis and the resulting economic downturn has disrupted a number of market mechanisms and ordinary reaction patterns.

At Schouw & Co., we expect a relatively long period of weak overall economic growth and moderate propensity to invest in most parts of the world. We expect to see weak activity especially in the first half-year of 2009, as many of our customers will be reducing their stocks and adapting their sourcing activities to weakened demand.

Although Schouw & Co. is financially strong and although parts of the Group's activities are not particularly exposed to economic cycles, we do expect the upcoming period to be one of generally more competitive markets in which debtor risk, for example, will be above normal. As a result, closely monitoring the Group's receivables will be a key focal area in 2009.

Our ambitions to develop the Group through organic growth and acquisitions have not changed, but in the short term we will focus primarily on protecting our existing business.

All of the Group's businesses have taken steps to enhance their competitive strength and secure their business base. The many initiatives are intended to ensure efficient cost application, including by adapting production plant and staffing to expected sales, focus-



ing efforts on core activities and phasing out non-strategic operations not generating sufficient profitability. Also, the initiatives should ensure the efficient use of capital by reducing the working capital and reassessing investment programmes.

Reducing the working capital combined with an investment requirement that will be much lower than the depreciation charges for the year will contribute to creating a strong cash inflow in 2009.

BioMar expects a drop in revenue in 2009 due to disease in fish stocks in Chile, but also a profit improvement due to the net cost savings resulting from the closure in 2008 of two old factories.

Fibertex expects a slight revenue improvement and a profit very similar to the level achieved in 2008.

Grene anticipates falling profits and revenues due to weaker demand, while Xergi expects a slight improvement.

Martin expects to incur a sharp fall in revenue and profit in 2009, which is naturally entirely unsatisfactory. However, the company has commenced a comprehensive alignment to a lower level of activity, and expectations for Martin's long-term earnings potential remain good. In support of these expectations, Martin's capital base will be strengthened by DKK 100 million in 2009 through the conversion of an inter-company loan.

The Group's individual companies operate with a wider range of profit projection outcomes this year than is normally the case.

Under normal circumstances, the various factors and conditions affecting the individual companies of Schouw & Co.'s diversified portfolio would to some extent even out fluctuations, but this year the companies are all affected more or less by the same general conditions.

If the economic slump continues throughout 2009, all of our businesses will most likely tend towards the lower end of the profit projection range, and at the present time there are no certain indications that the downturn will subside as the year progresses.

In the current situation, Schouw & Co. expects to generate consolidated revenue of just over DKK 9 billion.

The aggregate of the individual company profit forecasts produces a very wide interval for the expected profit before tax of DKK 50–150 million, excluding the effects from the holding of Vestas shares and the contribution to profit from Sjøtroll Havbruk.

Based on the current estimates, the most likely scenario is that the consolidated profit will be at the lower end of the very wide interval, which we expect to narrow in the interim reports for the second and third quarters of 2009.

We would note that the profit for the year is expected to be supported by a positive cash flow of several hundreds of millions of Danish kroner, but that, clearly, the low profit expected for the year is not considered to properly reflect the Group's long-term earnings potential.

Dividends

The Board of Directors intends to recommend to the annual general meeting that a dividend of DKK 3 per share of DKK 10 nominal value be paid in respect of the 2008 financial year, equal to total dividend payments of DKK 84.0 million against DKK 74.8 million paid in respect of 2007.

PROFIT BEFORE TAX (DKK MILLION)	Actual 2007	Expected 2008 at Q3	Actual 2008	Expected 2009
BioMar	110	40	33	60-80
Fibertex	5	40-50	60	40-60
Grene	127	140	128	70-90
Martin	81	25	5	(75-100)
Xergi (50%)	(3)	(10)	(8)	(0-5)
Others	(21)	(25)	1	(5-15)
Core operations	299	210-220	219	50-150
Goodwill impairment	-	-	(213)	-
Effect from Vestas	1.467	-	(871)	-
Profit before tax	1.766	210-220	(865)	50-150

Board of Directors and Management





Chairman

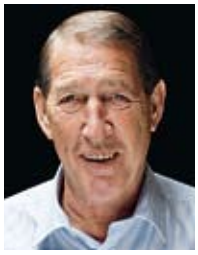
Jørn Ankær Thomsen

(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, DB 2001 A/S, Fibertex A/S, F.M.J. A/S, GAM Holding A/S, GAM Wood A/S, Givesco 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, A/S P. Grene.

Board member of: BioMar Group A/S, Dan Cake A/S, Danske Invest Management A/S, Ejendomsselskabet Blomstervej 16 A/S, GFKJURA 883 A/S, Givesco Bakery A/S, Krone Kapital I A/S, Krone Kapital II A/S, Krone Kapital III A/S, Vestas Wind Systems A/S.



Deputy Chairman

Erling Eskildsen

(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.



Board member

Niels Kristian Agner

(Born 1943, Elected to the Board in 1998)

Chairman of: G.E.C. Gad 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, Green Wind Energy A/S, GW Energi A/S.



Board member

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, Momenta Invest A/S.

Executive Management: Lindl Group A/S, Momenta Invest A/S.



From a Schouw & Co board meeting. In addition to the Board of Directors and the Executive Management, the meeting was also attended by CFO Erik Weimar Rasmussen.

Directorships in other Danish public limited companies and other key management positions.



Board member

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.



President

Jens Bjerg Sørensen

(Born 1957, appointed in 2000)

Chairman of: BioMar Group A/S, Center for Ledelse, 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, Dansk Moler Industri A/S, DB 2001 A/S, Dovista A/S, F.M.J. A/S, FVS 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.



Vice President

Peter Kjær

(Born 1956, appointed in 1993)

Chairman of: Erhverv Århus, Grene Industriservice 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 Sp. z o.o., 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 NASDAQ OMX Copenhagen under securities identification/ISIN code DK0010253921.

Schouw & Co. has been a component of the MidCap+ index since July 1, 2004.

At the beginning of the year, the company had 12,470,000 issued shares of DKK 10 nominal value equal a total share capital of DKK 124,700,000 nominal value.

At the company's annual general meeting held on April 16, 2008, the shareholders approved a proposal to issue bonus shares to the existing shareholders at a ratio of one new share for every share held, which doubled the company's share capital to a nominal value of DKK 249,400,000.

Also at the general meeting, the shareholders resolved to merge Schouw & Co. and BioMar Holding. As part of the merger, the share capital was further increased by a nominal value of DKK 30,600,000.

As a result, Schouw & Co.'s share capital comprises 28,000,000 shares with a nominal value of DKK 10 each for a total share capital of DKK 280,000,000. Each share carries one vote, for a total of 28,000,000 votes.

The company's Board of Directors reviews the company's capital and share structures at appropriate intervals. The company's Board of Directors gives priority to retaining a high equity ratio in order to ensure the necessary financial versatility.

For that purpose, the Board of Directors has resolved to recommend to the shareholders in general meeting that Schouw & Co.'s share capital be reduced by a nominal value of DKK 25,000,000. The Board recommends to implement the capital decrease by cancelling 2,500,000 shares from the company's holding of treasury shares.

Registrar

The company's registrar is:
Aktiebog Danmark A/S
Kongevejen 418
DK-2840 Holte

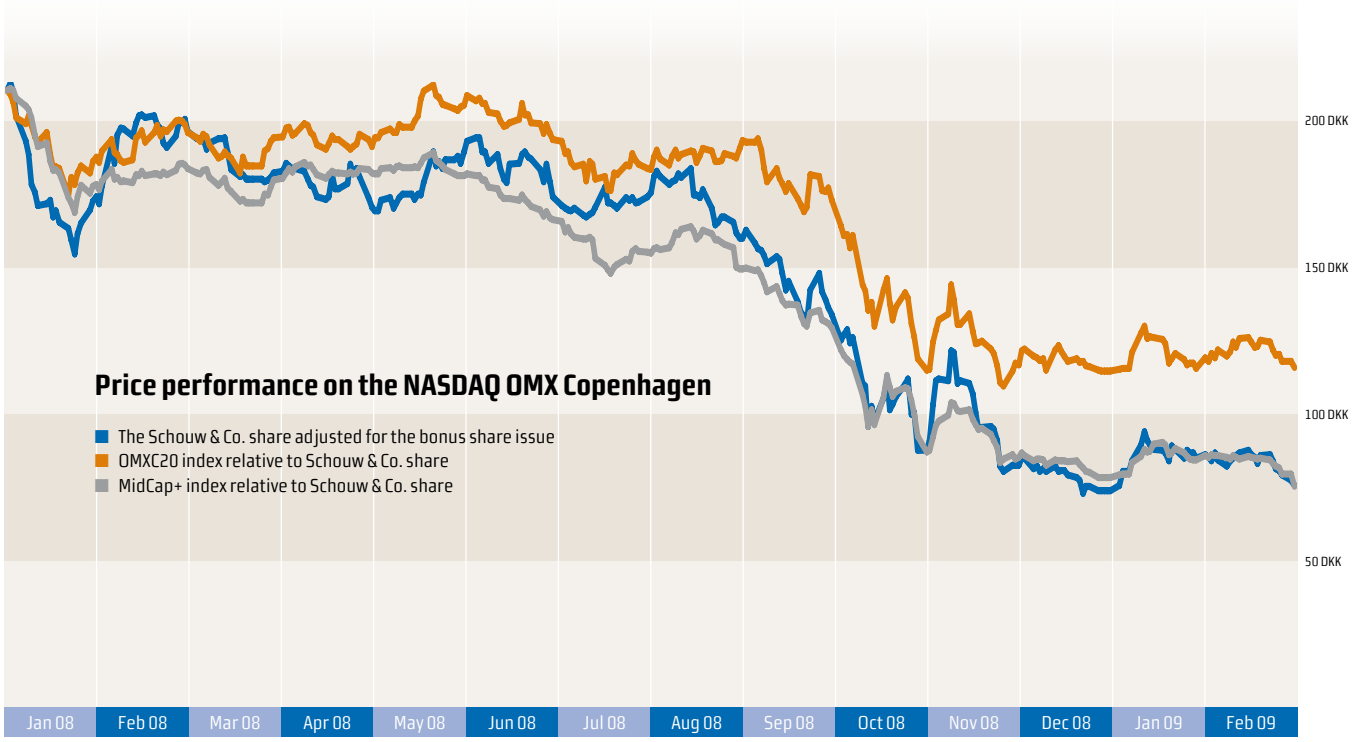
Shareholder structure

Schouw & Co. has some 7,400 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	25.59%
Direktør Svend Hornsylds Legat	13.50%
ATP pension fund	9.07%
Aktieselskabet Schouw & Co.	9.18%

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 of Schouw & Co. The three shareholders hold in aggregate 42.67% of the shares in the company.

At the end of 2008, the members of the Board of Directors and the Management Board of Schouw & Co. and their connected



persons held a total of 1,111,052 and 94,584 shares, respectively, in the company.

Treasury shares

At the end of 2008, the company held 1,760,509 treasury shares, equal to 6.29% of the share capital.

The market value of the holding of treasury shares was DKK 134 million at December 31, 2008. The portfolio of treasury shares is recognised at DKK 0.

After the end of 2008, Schouw & Co. has acquired an additional 809,389 of its shares, bringing the current holding of treasury shares to 2,569,898, corresponding to 9.18% of the share capital.

Price performance

The Schouw & Co. share closed the year at a price of DKK 76.21 (all trades), compared with DKK 220.70 per share at December 31, 2007, corresponding to a fall of 65.5%.

Accordingly, the total market capitalisation of the company's listed share capital amounted to DKK 2,134 million at the close of the financial year, against DKK 5,504 million at the close of 2007. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 2,000 million at December 31, 2008.

To benchmark the performance, the company uses the OMXC20 and the OMX Copenhagen MidCap+ indices, which fell by 46.6% and 64.3%, respectively.

Incentive plans

Since January 2003, Schouw & Co. has operated a share-based incentive programme comprising the Management and senior managers, including the executive managements of subsidiaries. In the following paragraphs, numbers and exercise prices have been adjusted for the bonus share issue of April 2008.

A total of 240,000 options to buy shares in Schouw & Co. at a price of DKK 150.88 per share were exercised under the programme in 2008.

Under the share-based incentive programme, Schouw & Co. awarded, in March 2007, a total of 48,000 share options to members of the Management (two persons) and a total of 172,000 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 225.88, equal to the market price of the shares at the time of grant plus a 4% premium per annum.

In addition, Schouw & Co. awarded, in March 2008, another 36,000 share options to members of the Management (two persons) and a total of 164,000 share options to other senior managers (thirteen persons).

The share options are exercisable during a 24-month period following the publication of Schouw & Co.'s full-year profit announcement for the 2009 financial year at a strike price of DKK 192.20 plus a 4% premium per annum from the date of grant until the date of exercise.

The overall guidelines for incentive programmes approved by the company's shareholders in general meeting are available from the company's website, www.schouw.dk.

Investor relations policy

Schouw & Co. aims to create value and achieve results to match the best of our industry peers.

The company's investor relations policy is to provide reliable information and to maintain professional relations with shareholders and the market so as to ensure that investors always have the necessary information to make an assessment of the Group's true values at any time.

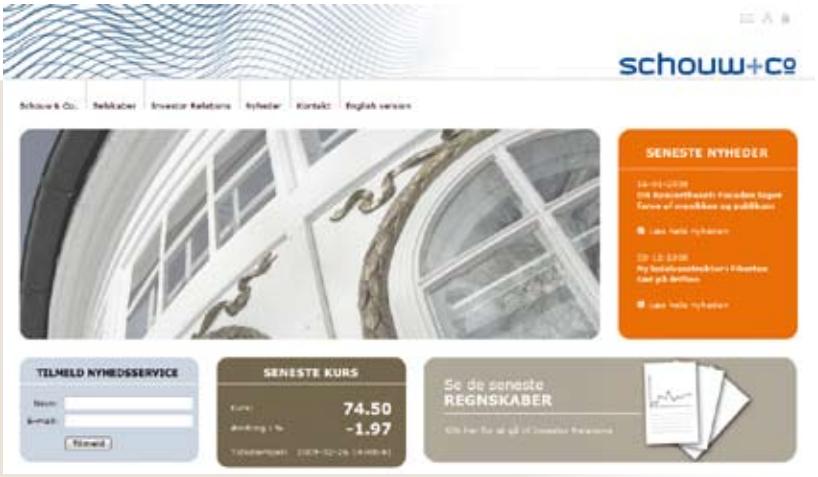
Schouw & Co. complies with the duty of disclosure rules of the NASDAQ OMX Copenhagen.

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 subsequently available at the company's web site.

Schouw & Co. also occasionally 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. ▶



Website

Schouw & Co.'s web site – www.schouw.dk – contains announcements to the Copenhagen Stock Exchange and interim financial statements, as well as more detailed information on the Group. Interested parties can also subscribe to the company's news service.

Financial calendar

April 21, 2009	Annual General Meeting
May 7, 2009	Release of Q1 2009 interim report
August 20, 2009	Release of H1 2009 interim report
November 5, 2009	Release of Q3 2009 interim report

▶ Any queries to the company's management should be e-mailed to: schouw@schouw.dk.

Corporate governance

The Management Board and the Board of Directors of Schouw & Co. see corporate governance as a natural part of responsible business operations, addressing on an ongoing basis the issues in relation to corporate governance and interaction with the company's stakeholders. Considering the company's corporate governance policy is a recurring item in the annual business of the Board meetings.

In our opinion, therefore, Schouw & Co. complies in all material respects with the intentions of »Recommendations on Corporate Governance in Denmark« as issued by NASDAQ OMX Copenhagen.

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 »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.

The work of the Board of Directors

The Board of Directors of Schouw & Co. held six Board meetings, a conference call and a two-day Board seminar in 2008, corresponding to the ordinary level of Board activity in the company.

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, and this was also the case in 2008.

For reasons of principle, the Chairman of the Board, Jørn Ankær Thomsen, does not 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 »Recommendations on Corporate Governance in Denmark« issued by NASDAQ OMX Copenhagen.

Board meetings are conducted in accordance with a fixed master agenda, which ensures compliance with the Board's rules of procedure.

At the end of 2008, the Board of Directors appointed an audit committee consisting of Niels Kristian Agner (chairman), Jørn Ankær Thomsen and Erling Lindahl. The audit committee will define the scope of its work in 2009.

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 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.

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 our 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

The composition of the company' audit committee complies with the legal requirements for independence, but a majority of the members are not considered to be independent in accordance with the definitions applied by NASDAQ OMX Copenhagen.

No other significant divergence.

Announcements to the NASDAQ OMX Copenhagen

Schouw & Co.'s announcements to the NASDAQ OMX Copenhagen since January 1, 2008. The announcements are available at the company's web site, www.schouw.dk.

January 31, 2008. No. 1.
Schouw & Co.'s financial calendar for 2008.
Schouw & Co.'s financial calendar for 2008.

March 6, 2008. No. 2.
Revised financial calendar 2008
Revised financial calendar 2008.

March 12, 2008. No. 3.
Annual report 2007
The Schouw & Co. Group generated consolidated turnover of DKK 8,150 million and a profit before tax of DKK 1,766 million in the 2007 financial year. Schouw & Co. projects consolidated full-year 2008 revenue of approximately DKK 10 billion and a profit before tax of DKK 400 million excluding the effects from the holding of Vestas shares.

March 12, 2008. No. 4.
Merger of Aktieselskabet Schouw & Co. and BioMar Holding A/S
The Boards of Directors of Schouw & Co. and BioMar Holding A/S have agreed to recommend that the two companies merge with Schouw & Co. as the continuing company. Prior to the merger, a proposal will be submitted to issue of bonus shares at a ratio of one new share for every share held.

March 14, 2008. No. 5.
Martin agrees to divest Security Smoke
Martin Professional has agreed to divest the shares in Martin Security Smoke to a Danish buyer at a price of DKK 28 million.

March 25, 2008. No. 6.
Continuation of incentive programme
Under the share-based incentive programme Schouw & Co. has maintained since 2003, a decision has been made to issue and grant up to a total of 100,000 options.

April 16, 2008. No. 7.
Annual General Meeting of Schouw & Co.
The company held its annual general meeting on April 16, 2008.

April 16, 2008. No. 8.
Merger of Schouw & Co. and BioMar Holding adopted
At the annual general meeting of BioMar Holding held on April 15, 2008, the proposal of a merger with Schouw & Co. was adopted, and at the annual general meeting of Schouw & Co., the proposals to issue bonus shares and to merge with BioMar Holding were adopted.

April 24, 2008. No. 9.
Treasury shares and list of major shareholders
Updated statement of the holding of treasury shares and list of major shareholders following the bonus share issue and the merger with BioMar Holding.

May 8, 2008. No. 10.
Interim report – first quarter of 2008
Schouw & Co. recorded a loss before tax of DKK 123 million for the first quarter of 2008. For the full-year, profit before tax is still expected to be approximately DKK 400 million, excluding the effects from the holding of Vestas shares.

May 23, 2008. No. 11.
Schouw & Co. holding of treasury shares represents 5.32% of the share capital
Schouw & Co.'s holding of own shares comprises 1,488,302 shares of DKK 10 each.

August 18, 2008. No. 12.
Interim report – first half-year of 2008
Schouw & Co. recorded a profit before tax of DKK 616 million in the first half-year of 2008. For the full-year, profit before tax is expected to be approximately DKK 350 million, excluding the effects from the holding of Vestas shares.

August 21, 2008. No. 13.
New CEO at BioMar
Torben Svejgård, 53, who has extensive leadership experience, including from 17 years with Danisco, has been named new CEO of BioMar.

October 20, 2008. No. 14.
BioMar optimising production structure and getting poised for growth
Following the successful integration of Provimi Aqua, BioMar has now launched a plan to optimise the productive structure of its overall operations. The plan is expected to result in a write-down of around DKK 60 million.

November 6, 2008. No. 15.
Interim report – third quarter of 2008
Schouw & Co. recorded a loss before tax of DKK 508 million for the third quarter of 2008. Schouw & Co. now expects a full-year 2008 profit before tax of around DKK 200 million, excluding the effects from the holding of Vestas shares.

December 18, 2008. No. 16.
Schouw & Co.'s financial calendar for 2009
Schouw & Co.'s financial calendar for 2009.



A long-term business approach

VALUE CREATION

Schouw & Co. maintains ambitious and active ownership.

»We develop leading Danish industrial businesses through value-creating, active and long-term ownership.«

This statement is a central focal point of the Schouw & Co. business concept. Long-term active investments are pivotal in our business strategy and they differentiate Schouw & Co. from private equity funds, for example. »In many cases, other investment companies have a shorter investment horizon, whereas we always take a long-term approach,« says Schouw's President Jens Bjerg Sørensen.

»When we acquire a company, our intention is to own it indefinitely. Our 'best ownership' philosophy means that we are the best owners of a business for as long as no one else creates value better than we do.

Jens Bjerg Sørensen acknowledges that there are a number of good aspects in an investment approach with a predefined ownership period of, say, 5–7 years. »But there can also be negative aspects,« he explains. »When the time comes for the owners to sell the business, they may develop different investment horizons than the management. That's why, at Schouw & Co., we don't have a pre-set plan for when to exit from a company.«

At Schouw & Co., we focus on future-proofing our portfolio companies' positions during the entire ownership period, not only during the first couple of years. »Combined with an unremitting and firm focus on current operations, we believe this is the best way to own a business,« adds Jens Bjerg Sørensen.

»The best way to safeguard long-term value creation for our shareholders is to have a sound and sensible business model in relation to our employees, our customers and our suppliers. Striking a balance between creating value for the shareholders and ensuring that we have a long-term business capable of development is an ongoing challenge.«

Schouw & Co. owns and operates companies within widely different industries that don't necessarily have anything in common.



The four key elements

Overall, Schouw & Co. applies four key elements as a means of creating value.

Diversified portfolio. We combine and own a number of leading Danish industrial businesses that operate in different industries and render their services to different customer segments. Those businesses are all leaders in their fields and focus strongly on their core businesses.

Active and developing ownership. We exercise active ownership of our businesses. We aim to focus on profitable growth, efficient use of capital and on future-proofing the strategic platforms of our portfolio companies.

Professional dialogue. We provide shareholders and markets with contemporary and detailed information so they can always make an assessment of the group's true values.

Financial versatility. We will retain our financial versatility so as to prevent us from being restrained in our actions and to enable us to act quickly should that be required. We optimise our capital structure, but always aim to have appropriate financial strength.



»That is the result of a deliberate choice we made more than 20 years ago, when we sold half of our packaging activities and acquired Grene,« explains Jens Bjerg Sørensen. Schouw & Co. has grown bigger and stronger over the last 20 years, with revenue of almost DKK 10 billion in 2008. That's a threefold increase in five years.

»Our growth is the product of our active ownership approach in which we provide financial and strategic support to our businesses in the pursuit of their development plans. Given the current situation, we are refocusing from substantial growth ambitions to an unyielding pursuit of lifting the profitability of our businesses,« says Jens Bjerg Sørensen.

One of the key elements of creating value is ensuring that our group has the necessary financial versatility. »Fortunately, we are in a situation where we are the ones in control of Schouw & Co. and not the banks,« says Jens Bjerg Sørensen and he continues: »In order to retain the financial versatility, we will take extraordinary steps in the coming year to considerably improve the cash flows of our businesses. We have a distinct target for 2009 of reducing our debts by 10% and our working capital tie-up by hundreds of millions of Danish kroner.«

Respect, integrity and dedication are values that permeate the corporate culture of Schouw & Co. As the portfolio companies operate within widely different industries, they obviously represent quite different business cultures. That is actually one of the strengths of the conglomerate; each individual business culture is adapted to the value chain and the environment, in which it operates. »It is not our ambition for these companies to be identical. We want each of them to be strong and focused in the areas they operate in,« explains Jens Bjerg Sørensen.

There is a fundamental element common to all our businesses, however. That is the concept 'results are created by people', which has characterised Schouw & Co. from the very beginning. It is about showing other people respect and being considerate, but at the same time making demands. »No matter how much capital we inject into a company, at the end of the day, the employees are the key to success,« says Jens Bjerg Sørensen.



A reliable business partner

ACTIVE OWNERSHIP

The business is operated through and in cooperation with the managements of the individual portfolio companies.

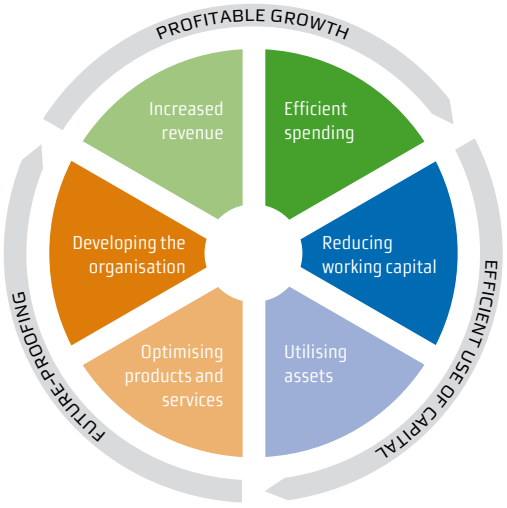
For Schouw & Co., having ownership in a company implies active involvement. The company's Board of Directors is appointed so that, as a main rule, it has representatives from both the Executive Management and the Board of Directors of Schouw & Co. as well as external members who have specific knowledge about the company's industry, sales channels, customers or similar aspects. »That way, we are sure to have a profound commitment and involvement as well as great expertise on our boards capable of both challenging and supporting the management,« explains Schouw & Co.'s President Jens Bjerg Sørensen.

Schouw & Co. not only becomes involved in its portfolio companies at board level. Our businesses never develop major projects on their own, only to make a presentation of it to the owners at a board meeting. That would make it much too late to provide a meaningful contribution to the process. »It is important to support both the strategic and financial foundation, for the management to feel comfortable with the decision-making processes,« adds Jens Bjerg Sørensen.

That is why, as a general rule, the managements of the portfolio companies are in touch with the Executive Management of Schouw & Co. once a week. »We act as a sounding board for our businesses in a large number of areas. We are deeply involved in the strategy work, we challenge the financial reporting and we often meet with the companies' major customers. In addition, we are always heavily involved when a company makes an acquisition or a divestment. These close working relations mean that we know both what the challenges are for our businesses and what their potentials are,« explains Jens Bjerg Sørensen.

Schouw & Co. does not delve into details, however. »One of our strongest abilities as an active owner is the fact that we give our managers the full responsibility for running their businesses. We know a lot about our businesses, because that is the only way we





can stay abreast of developments. However, there is no doubt that it's the managements of our companies who know their businesses best and, consequently, they have the full day-to-day responsibility.«

»We don't see ourselves in the 'big brother'-role for our businesses. By Danish standards, we own some relatively large companies. They must all have a management capable of playing with the very best in the industry, and we should not expect to attract the right people if we are not prepared to let them manage the business they are in charge of.«

Active ownership also involves capacity for action and being prepared for a risk-taking approach. We have several examples of companies we have taken over, where the company needed new ownership and fresh resources in order to move on.

»When we acquired Fibertex, we gave our support to the development plan that the management preferred to see implemented. It involved a good strategic opportunity to establish production in Asia, but it also entailed risk to quite some extent. A factory had to be built from scratch and a business had to be run in a foreign cultural setting very different from our own. We were able to act as a strategic sounding board and provide the financial support, so we joined forces with Fibertex and chose to go to Asia.« Over the years, we have invested more than DKK 1 billion to expand output capacity in Asia and Europe. Today, Fibertex has two production lines in Malaysia, and the company has nearly tripled its size compared to when Schouw & Co. took an ownership interest in 2002.

Active and developing ownership

Active ownership at Schouw & Co. is based on a simple model, among other things, consisting of three key areas: profitable growth, efficient capital employment and future-proofing our organisation. The model is used both in the oral communication with the company managements and in the written reporting, and it helps to ensure a constant effort to work on the overall strategic focal areas of the companies.

Active ownership implies that the areas getting attention vary depending on the situation. »For a number of years, we have given priority to future-proofing our companies' strategic and organisational platforms, but the current financial prospects have made us refocus towards using capital more efficiently,« says President Jens Bjerg Sørensen

Efficient capital utilisation is one of the disciplines in which Schouw & Co. still has room for improvement. We have a lot of money tied up in buildings, machinery and equipment, inventories, so this is an area requiring a lot of attention. Schouw & Co. aims to reduce its working capital tie-up by hundreds of millions of Danish kroner in 2009. »We must constantly focus on receivables management and the capital our businesses have tied up in their inventories. We have to scrutinize the value chains of our companies, making sure to optimise our production processes and that all of our operations are value-creating, « explains Jens Bjerg Sørensen.

Another key element of the ownership model is the notion of 'profitable growth', which obviously includes earnings targets and growth ambitions. In 2009, earnings will clearly be our main priority. »Our EBITDA is simply not satisfactory. We must improve it significantly,« concludes Jens Bjerg Sørensen.



Our ambitions remain unchanged

FINANCIAL VERSATILITY

Schouw & Co. has the financial strength to take progressive action to support growth and ride out the hard times.

The world is currently facing a recession and is characterised by markets more jittery than ever seen before. There are no immediate indications that this will be a short-term crisis, and it is very likely that most companies by far will see their earnings come under severe pressure in 2009.

At Schouw & Co., we see the Group's financial versatility as a platform for creating sustainable value. »This means that we maintain a high equity ratio and that we do not contract debts to a higher extent than we believe is justifiable,« says Jens Bjerg Sørensen, President. The capital strength and financial versatility is a great advantage to Schouw & Co. in a time when cash flow and funding is under pressure.

»We have a solid long-term relationship with a few major banks and sufficient financial scope to manage the development of Schouw & Co. ourselves,« says Jens Bjerg Sørensen. »Thus, the financial crisis does not have an immediate negative impact on our versatility, but it has caused us to take a much more conservative approach, adjust our priorities and make a stricter risk assessment than previously seen.«

To ensure the continued necessary financial versatility, we will take extraordinary steps in the coming year to considerably improve the cash flows of our companies. »It is our target for 2009 to reduce our debts by 10% and our working capital tie-up by hundreds of millions of Danish kroner.« At the same time, we are adjusting the activity level of all companies to reflect the changed market conditions and are working vigorously to improve earnings in the long term.

Schouw & Co. maintains its ambitions for long-term growth. »We still expect to grow organically, but we are also prepared to add new business activities to our existing portfolio of companies. We may even consider acquiring a completely new 'leg' for Schouw & Co.« explains Jens Bjerg Sørensen. However, a portfolio expansion is not a near-term project. »Currently, we are focusing on developing our core activities.«



In the summer of 2008, Schouw & Co. sold 800,000 Vestas shares at a time when the price was around DKK 670 per share. Proceeds from the sale amounted to DKK 535 million, which were used to support the cash flow and reduce debts. »We sold these shares even though, strictly speaking, we had no actual investment plans with that money; we just found the price very good. We still see great potential in Vestas, and in the long term there is no doubt that renewable energy is a huge global growth area.«

»We will sell the rest of the shares when the time is right, that is when we find the price attractive or if we can exchange it for a new investment. For a number of years, we have been saying that our stake in Vestas is not a long-term strategic investment. We would never buy a 2% shareholding in Vestas, because such a small stake would not fit into our strategy of exercising active ownership. The reason why we hold the shares is historic, because in the past we actually did exert influence on the company,« explains Jens Bjerg Sørensen.

The Vestas shares form part of our contingency holdings, and they contribute to securing the financial versatility at Schouw & Co.

»We constantly assess how much financial versatility is required in the group, and, naturally, we should not accumulate too much cash. Because we have acquired a considerable amount of treasury shares, we can now take action that will directly benefit the shareholders. For this reason, we have proposed to the annual general meeting this year that we make a capital reduction. That way the Group's values will be distributed on fewer shares, which will of course benefit the shareholders,« concludes Jens Bjerg Sørensen.

Stock exchange platform for development and expansion

Schouw & Co. has been listed on NASDAQ OMX Copenhagen (The Copenhagen Stock Exchange) since 1954, and this platform is considered a useful tool in support of development and expansion.

Since 1991, the stock exchange platform has solely been used for private placements through investments in portfolio companies whereby sellers have been given the possibility of retaining an ownership interest, albeit indirectly, through shares in Schouw & Co.

The stock exchange platform was last used in April 2008. At that time, the ownership in the subsidiary BioMar was increased from 69% to full ownership through a merger between Schouw & Co. and BioMar Holding, whereby the shareholders of BioMar Holding had their shares exchanged for shares in Schouw & Co.

Versatility through a conservative approach

Schouw & Co. does not consider the stock exchange platform to be an ideal source of funding in difficult times, which is why it is important that the group is well positioned to withstand challenges.

Schouw & Co. is an industrial conglomerate whose primary activities are distributed on various business areas. By diversifying its businesses, the Group spreads its ordinary business risk exposure related to its individual business areas, and it strives to ensure that individual companies cannot trigger a crisis for the overall Group.

A relatively high equity ratio and thereby a moderate financial gearing paired with well-established relationships with leading financial business partners strengthens the financial security.

BioMar

Financial performance

Consistent with expectations, BioMar lifted its revenue by DKK 1,644.7 million to DKK 5,321.3 million from DKK 3,676.6 million in 2007. The strong improvement derived in part from the acquisition of Provimi Aqua, which was recognised in the financial statements as from February 1, 2008, and in part from organic growth.

While it is not possible to pinpoint an exact origin of revenue following the successful integration of the business activities acquired from Provimi Aqua, we estimate that revenue of some DKK 1.100 million is directly attributable to the acquisition of Provimi Aqua and that the remainder is attributable to organic growth on both acquired and existing business activities. The organic growth is largely evenly distributed on the North Sea and the Americas regions.

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, trout, sea bass and sea bream.
GEOGRAPHY: BioMar is headquartered in Aarhus, Denmark and operates production facilities in Norway, Scotland, Denmark, France, Spain, Greece and Chile.
CORE MARKETS: Europe and South America.
EMPLOYEES: About 750.

The original full-year profit forecast contained an increase in depreciation and amortisation charges and higher interest expenses as a result of the acquisition of Provimi Aqua as well as relatively moderate integration costs.

Earnings came under pressure over the year as the important Norwegian market became substantially more competitive while financial expenses increased due to rising interest rates and a larger-than-expected working capital.

The larger capital tie-up was mainly due to trade receivables, which increased to DKK 624 million in 2008, partly as a logical consequence of the higher revenue, partly due to longer credit periods on selected major contracts. In principle, the greater trade receivables implies increased risk, and one of BioMar's initiatives has been to tighten its debtor surveillance by setting up a credit committee.

In the second half of 2008, BioMar initiated a process to optimise the productive structure of its overall operations and, as a result, two older factories were shut down. The resulting impairment losses affected the profit before tax by DKK 57.5 million.

The profit before tax for the year from continuing operations was DKK 33.4 million against DKK 110.0 million in 2007. The 2008 profit before tax includes the DKK 37.1 million profit from the sale of the company's shares in AquaGen in the first quarter of 2008. The profit before tax for the year was not satisfactory, but it was consistent with the most recent guidance.

The profit from discontinued operations, which is stated after tax, relates to the subsidiary Sjøtroll Havbruk (50.9%-owned), which was recognised at DKK 0.1 million in 2008, compared with DKK 19.5 million in 2007.

Business development

Effective from February 1, 2008, BioMar took over the fish feed activities from Provimi Aqua and the acquired activities were successfully integrated with BioMar's existing activities during the first half-year of 2008.



Torben Svejgaard took over as CEO of BioMar on November 1, 2008.

As part of this process, BioMar initiated a process to optimise the productive structure of its overall operations, resulting in BioMar's original Chilean factory in Rancagua and the factory in Horsens, Denmark, which was taken over as part of the Provimi Aqua acquisition, both being shut down. The operations of these two aging factories will be transferred to more efficient production units with excess capacity, and the restructuring is expected to provide annual cost savings before tax of about DKK 30 million already from 2009.



Effective November 1, 2008, BioMar implemented the planned change of management when Torben Svejgård, 53, took over as CEO.

Outlook

It is currently unclear how the economic downturn will impact the consumption of fish, but basically BioMar does not expect any notable effect in 2009. However, the difficult liquidity situation will in general increase the risk related to the company's debtors.

The important Norwegian market is considered to be a growth market in 2009 and the following years and, regardless of the very competitive markets prevailing, the company continues to expect expansion opportunities in Norway.

Following a period of healthy growth, the Chilean market now faces significant challenges. Serious difficulties with disease in fish stocks mean that the volume of farmed fish will be reduced for an extended period of time in an effort to combat the disease problems. BioMar has adjusted the capacity to some extent by closing down the Rancagua factory, but the outlook for 2009 remains subject to substantial uncertainty.

Thanks to its unique natural fish farming potential, the Chilean market has a very promising potential, but it is expected to take some years before Chile is back at full strength.

The market of the Continental Europe region is expected to be stable in 2009.

Subject to the uncertainty related to the situation in Chile, BioMar forecasts 2009 revenue of just over DKK 5 billion and a profit before tax from continuing operations, i.e. net of the profit from Sjøtroll Havbruk, in the range of DKK 60–80 million.

Sjøtroll Havbruk is expected to report a profit in 2009.

DKK million	2008	2007
Volume (thousands of tonnes)	750	547
Revenue	5.321	3.677
- from the North Sea	2.500	2.151
- from the Americas	1.398	547
- from Continental Europe	1.423	979
Direct production costs	(4.137)	(2.783)
Gross profit	1.184	894

DKK million	2008	2007
REVENUE	5,321.3	3,676.6
GROSS PROFIT	612.4	504.6
EBITDA	283.5	248.5
Depreciation	136.6	103.6
Impairment	57.5	0.0
EBIT	89.4	144.9
Financial items, net	(56.0)	(34.9)
PROFIT BEFORE TAX (EBT)	33.4	110.0
Tax for the period	4.3	(66.2)
PROFIT FROM CONTINUING OPERATIONS	37.7	43.8
Profit from discontinuing operations	0.1	19.5
PROFIT FOR THE PERIOD	37.8	63.3
Cash flow from operating activities	85.4	153.8
Cash flow from investing activities	(486.7)	(349.3)
Cash flow from financing activities	544.8	245.7
BALANCE SHEET		
Intangible assets*	282.3	0.0
Property, plant and equipment	764.5	780.8
Other non-current assets	102.7	99.6
Cash and cash equivalents	320.6	192.2
Other current assets	1,704.0	908.4
Assets held for sale	972.4	1,251.5
TOTAL ASSETS	4,146.5	3,232.5
Equity	1,331.8	1,520.0
Interest-bearing debt	1,413.8	559.2
Other creditors	969.4	551.8
Liabilities classified as held for sale	431.5	601.5
TOTAL LIABILITIES AND EQUITY	4,146.5	3,232.5
Schouw & Co.´s share of equity	1,114.9	863.1
Average number of employees	741	520
FINANCIAL KEY FIGURES		
EBITDA ratio	5.3%	6.8%
EBIT ratio	1.7%	3.9%
ROIC	6.5%	11.5%

*Excluding goodwill on consolidation in Schouw & Co. of DKK 430.2 million (2007: DKK 140.5 million).



The world's best fishfeed

INNOVATION

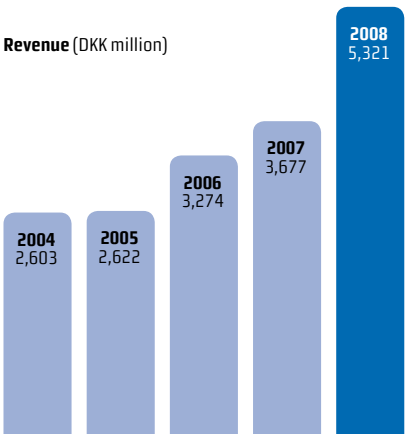
BioMar is consistently striving to be an innovative company delivering competitive fishfeed to the aquacultural industry.

BioMar is the world's third largest supplier of quality feed to the fish farming industry. We supply feed for salmon, trout, sea bass and sea bream, among other species, to more than 50 countries and our largest business markets are in Norway and Chile.

Torben Svejgård, CEO of BioMar, expects the market to grow by 5-6% per year. »Actually, it's quite simple. The world wants more fish,« he points out. »The population is growing and the standard of living is improving, which means that more people will eat fish. Also, public health authorities worldwide agree that fish is good for you,« he says. »The demand for more fish cannot be met through increased catching, which would result in overfishing. For this reason, there is only one sustainable alternative – increased aquacultural production.«

BioMar is among the strongest producers of fishfeed containing the right composition of raw materials. The most important raw materials in fishfeed are marine and vegetable oils and proteins, pigment, vitamins and minerals.

BioMar has won recognition as an innovative business supplying competitive products and services and the company spends a lot of resources on research and development. »BioMar must concentrate on developing fishfeed. Our long-term perspective is to be a business focused exclusively on fishfeed and nothing else,« Torben Svejgård explains. ▶





The most important raw materials

Marine proteins and oils: fishmeal, fish oil

Vegetable proteins and oils: soybean protein, wheat gluten, rape seed cakes, rape seed oil, corn gluten, sunflower meal

Other ingredients: pigment, wheat, vitamins, minerals



Food safety

Food safety is a key word for BioMar. We have prepared a list of potentially critical areas in the production and handling of fishfeed. This has been done in compliance with the principles of the internationally recognized standards of Hazardous Analysis of Critical Control Point (HACCP). BioMar's procedures and recordings provide full traceability in the value chain both upstream and downstream.



Aquaculture

20 years ago, farmed salmon accounted for less than 10% of the global consumption. Today, more than 60% of the market consists of farmed salmon.

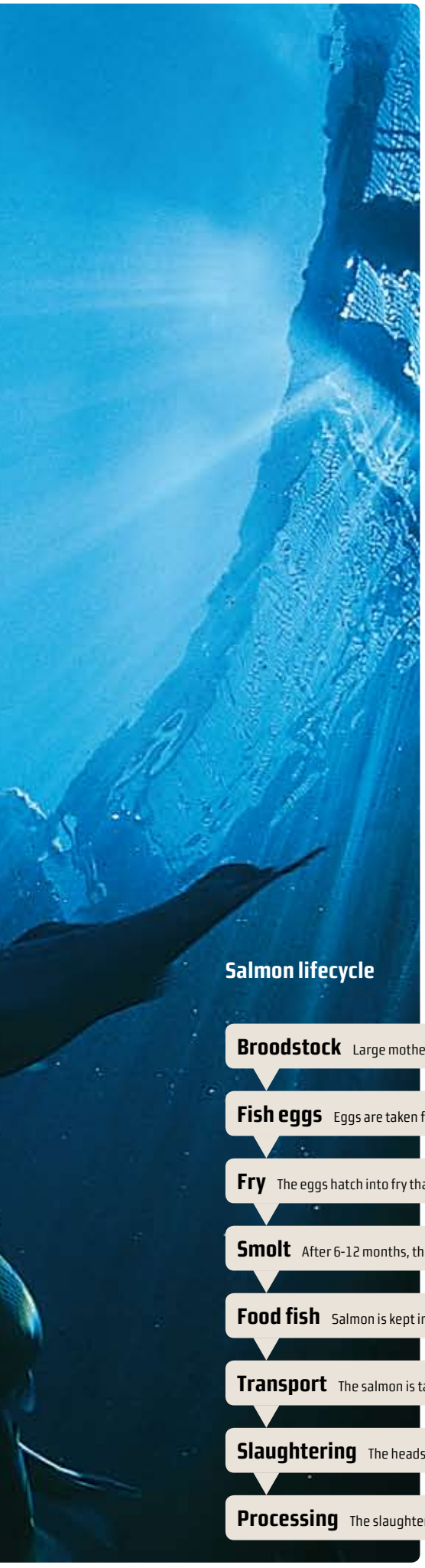
»We are good at optimising the composition of raw materials to enhance healthy nutrition and a good physical quality of the product, combined with low costs. This way, we are able to offer sea farms and fish farms nutritionally balanced quality feed at the lowest possible price,« Torben Svejgård explains.

One of BioMar's goals is to have a flexible raw material base enabling us to deliver products offering the highest performance at any time. Aquaculture is developing consistently and is one of the most efficient ways of producing proteins for food. This is due, among other things, to the fact that we work with a relatively low feed quotient. On average, it takes around 11 kilos of feed to produce 10 kilos of fish. This figure varies from species to species, but compared with other foods the yield is far higher for fish. In terms of edible yield, for instance 100 kilos of feed will yield 65 kilos of salmon, 20 kilos of chicken, 13 kilos of pork and only 1.2 kilos of lamb.

BioMar's production process is a long journey from the basic raw materials to the finished feed pellets varying in diameter from 0.3 mm to 22 mm. One of the key points of the production process is the so-called extrusion, by which dry ingredients are turned into a viscous substance by means of mechanical power or steam, before they pass through some nozzles and become small pellets, which are then dried and mixed with oil.

Fishfeed accounts for 50-60% of the fish farmers' overall costs. Torben Svejgård compares fishfeed prices today with the prices five to eight years ago. During this period, BioMar managed to reduce costs by well over DKK 1 per kilo through research and development. Hence, as the Norwegian fishfeed market today amounts to 1.3 million tons, the fishfeed producers have helped to enhance the efficiency of the Norwegian salmon industry by at least DKK 1.5 billion per year.

»Fishfeed is by far the salmon breeders' largest single-item expense and we are their main business partner. For this reason, research and development is essential to BioMar.«



Total production

SJØTROLL Farming both salmon and trout.

BioMar owns 51% of the Norwegian fish farming company Sjøtroll Havbruk, located on the island of Austevoll off the coast of Bergen on the Norwegian west coast. Sjøtroll produced around 30,000 tons of fish in 2008, consisting of around 60% salmon and 40% trout. Sjøtroll is one of the few companies in Norway with such a substantial share of trout farming.

It takes two to three years to farm a salmon or a trout and the process consists of three phases. Sjøtroll is fully operative in all three phases.

In the first phase eggs are extracted from broodstock which is carefully selected based among other things on the ability for growth, the colour of the fish and resistance to diseases. The eggs are kept in special incubation tanks in fresh water and one litre of water may contain up to 5,000 eggs.

When the eggs are hatched, fry is created and a salmon fry is around 1-2 mm long. »Because salmon and trout fry is relatively large compared with many other fish species, they are relatively easy to farm. The feed must be of a size that matches the fish in all the phases of their life cycle,« says Torben Svejgård, CEO of BioMar. The fish remain in fresh water tanks until they weigh 60-80 grams and are around 12 cm long.

The second phase of the farming takes place in salt water. After around six to 12 months, salmon undergoes a physiological change enabling them to move from fresh water to salt water. During the phase when the salmon moves from fresh water to salt water, it is called smolt. The salmon then lives for around 16 to 18 months in large net pens relatively close to the Norwegian coast and Sjøtroll has more than 20 different production locations in the area.

During the third phase, the salmon is slaughtered at one of Sjøtroll's processing plants. Operating under high levels of quality and hygiene, the heads are cut off and the fish are gutted and some of them are cut into boneless fillets. The salmon is then distributed to large parts of Europe and Russia.

BioMar acquired most of its stake as part of a refinancing scheme in 2004. At that time, the fish farming industry was suffering from a severe crisis and BioMar became a shareholder in the fish farming business to ensure payment of the feed.

»Fish farming is not a strategic core activity in BioMar. Going forward, we don't see ourselves as owners of Sjøtroll, and for this reason we are working to find a more appropriate ownership structure for the company,« Torben Svejgård explains.

»We appointed a new management of Sjøtroll in 2008 and are working to improve profitability. Sjøtroll's current earnings are not satisfactory but we see strong potential in the company,« Torben Svejgård concludes.

Salmon lifecycle

Broodstock Large mother fish determine weight, colour, etc.

Fish eggs Eggs are taken from the broodstock and kept in incubation tanks

Fry The eggs hatch into fry that is 1-2 millimetres long

Smolt After 6-12 months, the salmon is moved from fresh water to salt water

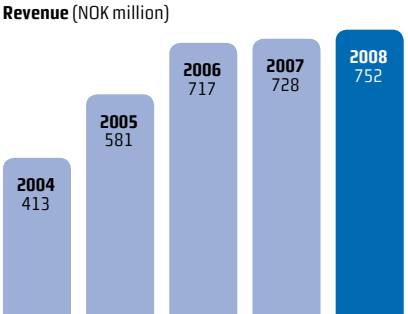
Food fish Salmon is kept in sea farms for 15-18 months

Transport The salmon is taken to the fish slaughterhouse when it weighs 4-5 kilos

Slaughtering The heads are cut off, the fish is gutted and the salmon is put on ice

Processing The slaughterhouse produces salmon filets, steaks and other cuts

Revenue (NOK million)



Fibertex

Financial performance

Fibertex generated revenue of DKK 1,589.6 million in 2008, compared with DKK 1,591.3 million in 2007. The revenue performance was based on improvements by Fibertex Personal Care and a largely similar decline in Fibertex Industrial Nonwovens.

The performance reflects the different cyclicality of the two divisions. While Fibertex Personal Care only to a limited extent has felt the effects of the economic downturn, Fibertex Industrial Nonwovens encountered shrinking demand during the final part of the year, especially from the furniture and mattress industry, the auto industry and building material wholesalers. In addition, Fibertex Industrial Nonwovens eliminated some of its less profitable business activities as part of its efficiency-improvement process, thereby reducing revenue but without achieving a corresponding effect on profit.

The reported profit before tax for 2008 was DKK 60.4 million against DKK 5.1 million in 2007.

The profit improvement was greater than had been anticipated and originated from a positive performance by both divisions. Fibertex Personal Care benefitted from falling raw materials prices in the latter part of the year, while Fibertex Industrial Nonwovens achieved improvements due to the efficiency-improvement measures implemented. Also, the company achieved substantial savings in the joint costs of the two divisions.

The 2008 profit before tax includes the recognition of a DKK 36.4 million investment grant related to the establishment of the factory in Malaysia. Of this amount, DKK 24.2 million related to prior years.

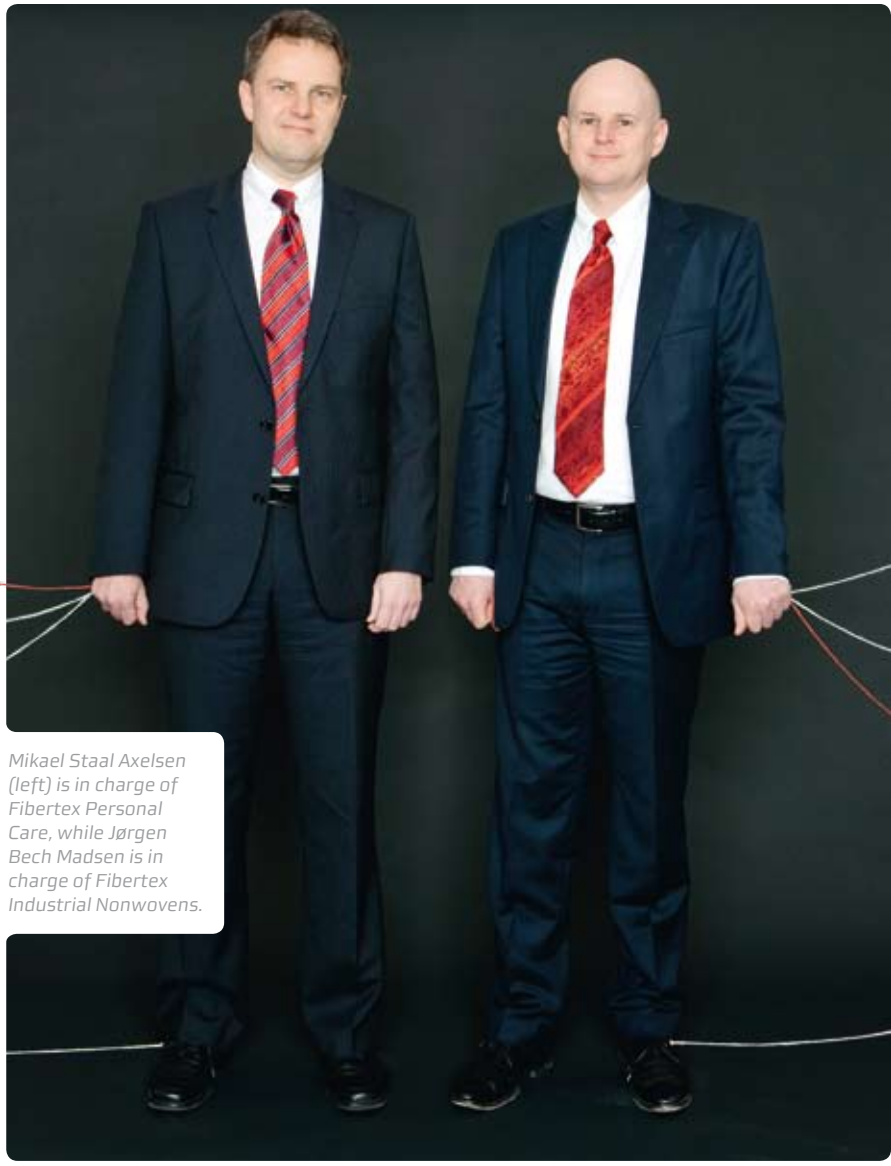
FACTS ABOUT FIBERTEX: Fibertex is a leading manufacturer of nonwovens, i.e. non-woven textiles used in a number of different areas. The Fibertex organisation consists of two divisions: Fibertex Personal Care, which has production facilities in Denmark and Malaysia, and Fibertex Industrial Nonwovens, which has production facilities in Denmark and the Czech Republic. The former of the two divisions applies the spundown/meltblown technology and the latter applies the needlepunch technology
GEOGRAPHY: Head office in Aalborg, Denmark
CORE MARKETS: Europe, Asia and North America.
EMPLOYEES: About 750

Business development

Fibertex made the grouping into two divisions even more explicit by appointing an independent management of each division to help each business area optimise its development potential. Effective from the turn of the year, Mikael Staal Axelsen was appointed CEO of Fibertex Personal Care and Jørgen Bech Madsen was appointed CEO of Fibertex Industrial Nonwovens. Both previously served as general manager of their respective divisions.

The two divisions will continue to have a number of joint activities. In 2008, extensive efficiency improvement measures were implemented resulting in substantial cost savings, partly through a very difficult prioritising of assignments and the outsourcing of tasks from Denmark to the Czech Republic or Malaysia.

After implementing efficiency improvements at the beginning of 2008, Fibertex Personal Care retained the benefits from these measures during the year. During 2008, the division successfully



Mikael Staal Axelsen (left) is in charge of Fibertex Personal Care, while Jørgen Bech Madsen is in charge of Fibertex Industrial Nonwovens.

launched a number of new products, including products with images and prints, super-soft products and products with high performance leakage barriers.

Fibertex Industrial Nonwovens completed a dedicated restructuring and modernisation of production in 2008 aiming to secure a platform for satisfactory earnings in a competitive market.

The project involved a DKK 130 million investment for two new production lines, one in Denmark and one in the Czech Republic, and the relocation of wage-intensive operations from Denmark to the Czech Republic combined with an extension of the Czech factory. As a result, the division now has cost efficient state-of-the-art production facilities in addition to having achieved substantial cost savings.

In 2008, the division launched new products in all business areas and has strengthened its market access to the new growth markets of eastern and central Europe.

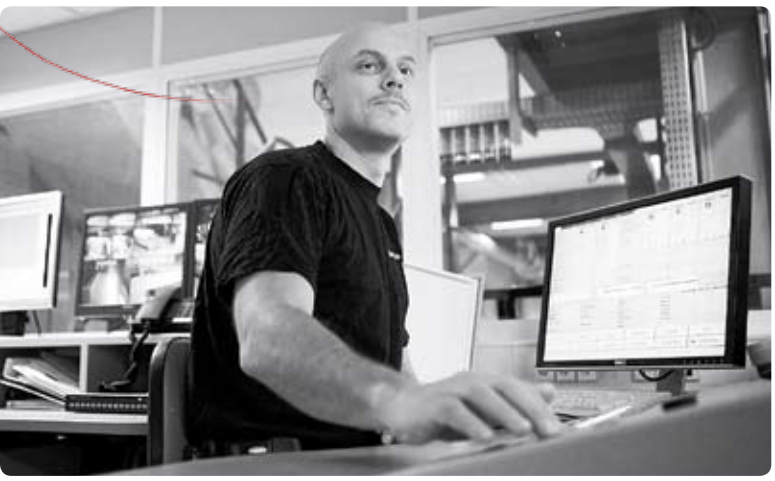
Outlook

Fibertex' various business areas are exposed to economic developments to different degrees, which has an impact on the company's outlook.

Fibertex Personal Care's markets are growing in spite of the current economic slump. There is a certain excess capacity in Europe which will depress earnings for a few years, but it is expected that growth will gradually absorb the extra capacity. In Asia, on the other hand, there is a good balance between supply and demand and that situation is expected to continue for the next couple of years.

Fibertex Industrial Nonwovens anticipates a challenging year in 2009 with subdued demand in the most cyclical industries, such as the furniture and mattress industry and the auto industry. On the other hand, the division stands to benefit from the efficiency-improving measures initiated in 2008.

As a result, Fibertex expects to generate revenue of approximately DKK 1.7 billion and a profit before tax in the range of DKK 40–60 million in 2009.



DKK million	2008	2007
Revenue	1,590	1,591
Of which from Personal Care	1,090	1,008
- Denmark	664	617
- Malaysia	426	391
Of which from Industrial Nonwovens	500	583
- Denmark	322	392
- Czech Republic	178	191

DKK million	2008	2007
REVENUE	1,589.6	1,591.3
GROSS PROFIT	250.9	258.5
EBITDA	219.2	188.4
Depreciation	130.9	137.9
EBIT	88.3	50.5
Financial items, net	(27.9)	(45.4)
PROFIT BEFORE TAX (EBT)	60.4	5.1
Tax for the period	(12.1)	13.3
PROFIT FOR THE PERIOD	48.3	18.4
Cash flow from operating activities	122.1	104.5
Cash flow from investing activities	(131.0)	(197.7)
Cash flow from financing activities	26.4	89.7
BALANCE SHEET		
Intangible assets*	32.3	31.2
Property, plant and equipment	1,129.1	1,127.1
Other non-current assets	85.1	0.5
Cash and cash equivalents	24.4	7.0
Other current assets	538.9	536.2
TOTAL ASSETS	1,809.8	1,702.0
Equity	562.6	520.7
Interest-bearing debt	963.6	937.7
Other creditors	283.6	243.6
TOTAL LIABILITIES AND EQUITY	1,809.8	1,702.0
Schouw & Co.´s share of equity	562.6	520.7
Average number of employees	765	798
FINANCIAL KEY FIGURES		
EBITDA ratio	13.8%	11.8%
EBIT ratio	5.6%	3.2%
ROIC	5.9%	3.4%

*Excluding goodwill on consolidation in Schouw & Co. of DKK 80.1 million (2007: DKK 80.1 million).

Fibres galore

QUALITY Fibertex Personal Care fulfils customers' quality demands.

Fibertex Personal Care is one of the leading manufacturers of nonwovens, i.e. lightweight fabrics used in the production of primarily babies' nappies but also sanitary towels, incontinence products and a variety of products for the pharmaceutical industry.

These materials are produced using a so-called spunbond/meltblown technology, which is an integrated process that converts granulated plastic to ultra light fibres. Nonwovens weigh between 8 and 75 g per square metre.

First and foremost, Fibertex Personal Care focuses on supplying products of excellent quality. »Fibertex Personal Care operates within a very quality-conscious market. Customers expect a uniform product of high quality as well as on-time delivery. In addition, they expect good communication and a very efficient service department,« explains Mikael Staal Axelsen, CEO of Fibertex's Personal Care Division.

Fibertex Personal Care does not produce end-products such as babies' nappies. The company supplies sub-components for many different brands; supplying leakage barriers, back sheets, top sheets and other fabric layers for a nappy is a complicated business.

»Fibertex Personal Care is capable of supplying products that live up to the quality standards of major global customers such as Procter & Gamble, the manufacturers of Pampers nappies and other products. We report on the quality of our products via an extensive system of quality tests and statistical data. Our customers make extremely



Innovation awards

Procter & Gamble – the US manufacturer of household goods, including Pampers nappies – announced awards to a number of its suppliers at a supplier seminar in Cincinnati, Ohio in the United States in September 2008.

Fibertex Personal Care was among the suppliers who were honoured for supplying products of high quality. In addition, Fibertex Personal Care was given a special mention for being innovative and a trustworthy supplier partner to Procter & Gamble.

»We are always proud when our customers recognise our work in one way or another. We are proud when we are recognised for the work that our management and staff undertake on a daily basis in order to be able to supply quality products on time, but we are even more proud when we receive recognition for constantly focusing on developing new and better products, « explains Mikael Staal Axelsen, CEO of Fibertex's Personal Care Division.



Fibertex Personal Care operates five state-of-the-art spunbond/melt-blown production lines.

Nonwovens with prints

In 2007, Fibertex Personal Care started cooperating with Christiansen Print, and the two companies have jointly established Innowo Print in Ilsenburg in Germany.

»There is an increase in the demand for nonwovens with prints, i.e. patterns and images. In time, Innowo Print is likely to contribute to increasing our sales, and this is one way of differentiating our product offering,« says Mikael Staal Axelsen.

These new innovative solutions add value to the products in the form of a vast array of colours and patterns.



Fibertex Personal Care recycles most of the waste from production.

high demands on our products, « says Mikael Staal Axelsen.

The products produced by Fibertex Personal Care must be clean and non-contaminated, i.e. there can be no possible transfer of microorganisms via the products. The company must also ensure that there are no plastic lumps in the final fibre product. In addition, the high demands made on the quality system by major customers have dictated the introduction of, for instance, closed doors and zonal divisions in the production areas.

»One of the worst things that could happen would be a customer finding a fly in a nappy. It would cost a great deal of money if the press got hold of such a story. For us, it is all about operational excellence. We are very good at fulfilling customers' quality demands and this is a reputation that wins us customers,« explains Mikael Staal Axelsen.

Fibertex Personal Care also has a competitive edge in its R&D capabilities, which enable the company to offer the market new products on a regular basis. In just ten years, the organisation has grown from nothing to having a turnover of more than a billion Danish kroner – an achievement based not least on the hard work and dedication of an excellent R&D department.

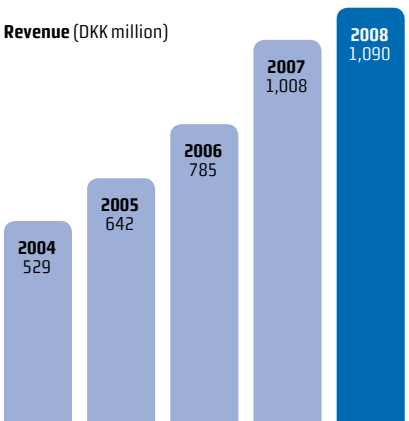
Fibertex Personal Care has the skills and know-how that enable the organisation to cooperate with customers on the development of new products. »You might think it would be very simple to produce a nappy, but it is actually a very complex product. Our customers' products are based on a great deal of knowledge and many years of development.«

Mikael Staal Axelsen takes an optimistic view of the prospects for Fibertex Personal Care. He believes that the markets in Europe, the USA and Asia will continue to generate the majority of the company's revenue. Percentage-wise, Eastern Europe enjoys high rates of growth, but in terms of volume, these markets are smaller than the markets of the large regions.

»Asia is a growth market, and we have to be careful to position our products correctly,« says Mikael Staal Axelsen, who is delighted that the turnover of Fibertex on the Asian markets has gone from nought to DKK 400 million in just five years.

For example, Fibertex is now the largest foreign supplier of nonwovens on the Japanese market. Compared to, for instance, their European counterparts, Japanese consumers have a very different view of quality. For them, the packaging can be just as important as product properties such as absorbency and leakage barriers. Thus, you need a different mindset to be successful on the Japanese market.

How come Fibertex Personal Care won this race? »Because we were persistent,« says Mikael Staal Axelsen, who devoted many years conquering the very important Japanese market – the country that has the very best nappies in the world. »If you aim to be in the top league, you will have to be able to handle top league players such as Procter & Gamble and the Japanese consumer.«



Fibres in every direction

EFFICIENCY Fibertex Industrial Nonwovens has streamlined production and gained a competitive edge.

Fibertex Industrial Nonwovens produces nonwoven fabrics for a wide range of business areas within industry, including infrastructure, furniture and mattress production, the automobile sector and odour, air and liquid filtration.

Fibertex produces sophisticated building materials – geotextiles, which are used to stabilise roads, among other things. A fibre sheet can separate layers of soil, sand and gravel to prevent them mixing thereby ensuring the stability and durability of the road for many years.

For example, Fibertex supplied geotextiles for the construction of the airports in Hong Kong and in Palm Island in Dubai, the Great Belt Link in Denmark as well as for the new Durban airport in South Africa. After more than 40 years on the market, Fibertex is one of the three largest brands of geotextiles on the market.

»Looking ahead, we expect our geotextiles to do very well on the market,« explains Jørgen Bech Madsen, CEO of Fibertex Industrial Nonwovens. »There is every indication that the coming years will be characterised by recession, and it is our experience that many major civil engineering projects are initiated during times such as these. This will benefit our business.«

In the spring of 2007, there were indications that competition would intensify in a number of areas primarily as a consequence of a steep rise in the prices of raw materials. Therefore, Fibertex drew up a strategy which involved investment in two new production lines. In this way, the company positioned itself both to generate growth and to make money – even during difficult times with escalating prices of raw materials and intense competition.

One of the elements of the strategy was to move some of the wage intensive work processes from Denmark to the company's new factory in the Czech Republic. When the process is complete, Fibertex Industrial Nonwovens will have reduced its staff by nearly 100 while still increasing its production capacity.

»In spite of the current market challenges as a consequence of the global credit crunch, Fibertex has a strong competitive position compared to our European competitors,« emphasises Jørgen Bech Madsen.

»When we drew up our strategy in 2007, nobody had predicted a financial crisis of the magnitude that we are currently experiencing. Therefore, we are unlikely to perform quite as well as we originally anticipated, but on the other hand, we have an ultra-modern organisation with two excellent production units – one in Denmark which is fully adjusted to market conditions and one in the Czech Republic which is centrally situated in the area traditionally dominated by the auto industry and where the furniture and mattress industries have recently relocated. Both factories are state-of-the-art



Part of the fibre Fibertex Industrial Nonwovens uses in production is spun in-house.

and operate according to the same principles.« In addition, a number of common functions were streamlined when we drew up our strategy, resulting in annual cost reductions of several million Danish kroner.

Composite materials constitute one of the company's newest business areas, and Fibertex has developed a number of unique patented solutions. These materials are used in the production of, for instance, the blades for wind turbines as manufacturers use fibre sheets as an aid in the casting process. Fibertex composites play a part in ensuring that blade production is as efficient as possible and they improve the surfaces of the blades.

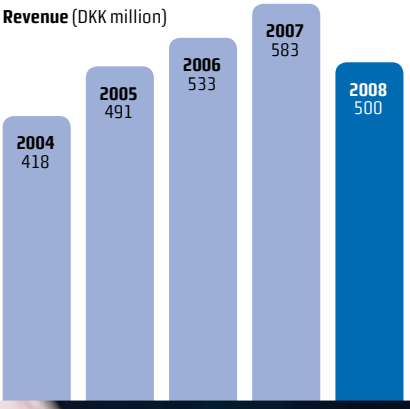
The R&D department at Fibertex is constantly working on developing high-value products and technologically superior solutions within the company's business areas. »Being innovative is crucial for Fibertex, so we can secure the future growth of the company,« says Jørgen Bech Madsen.

This applies, for instance, to our products for the automotive industry. Fibertex supplies lightweight nonwovens of a high and uniform quality specifically developed to improve the acoustic environment in cars. Nonwovens are used increasingly in the production of cars as a lighter, cheaper and better alternative to the products traditionally used, such as foam. Enabling car manufacturers to reduce the weight of a car means an immediate improvement in fuel economy and a reduction in CO^2 emissions.

Jørgen Bech Madsen sees many new opportunities within the car industry even though this industry is particularly hard hit in the short term by the credit crunch. »A great deal of work is underway designing next generation cars. Fibertex is working on developing lighter products and new solutions, and we are winning several new projects,« explains Jørgen Bech Madsen.

Fibertex also produces needlepunch and thermically fixed filtration media for air, odour and liquid filtration. Through close cooperation with customers and leading testing laboratories and research institutes, Fibertex is focusing on innovative products for filtration.

»It is an obvious growth area, because environmental demands continue to rise,« says Jørgen Bech Madsen.









Grene

Financial performance

Grene reported an 11% revenue improvement to DKK 1,804.5 million from DKK 1,625.4 million in 2007. The improvement was achieved during the first nine months of the year, while in the fourth quarter revenue fell slightly relative to Q4 2007.

The hydraulics business was a strong driver of the revenue improvement, but the other business areas also reported positive performances.

The reported profit before tax for 2008 was DKK 128.4 million against DKK 126.5 million in 2007. The reported profit before tax reflects positive performances by Hydra-Grene and Chr. C. Grene, but at the same time further resources were applied to develop new markets in Eastern and Central Europe. The remaining Grene businesses all reported results more or less in line with their 2007 performances.

The 2008 profit before tax fell slightly short of expectations due to the revenue slump that set in during the final months of the year, but the overall financial results are still considered to be satisfactory given the circumstances.

FACTS ABOUT GRENE: Grene is a trading business operating in:
- Agro – the sale of spare parts and accessories for the agricultural sector.
- Industry - sales, service and projects for industry.
- Industry - sales, advisory services and production for industry.

GEOGRAPHY: Head office in Skjern.
MARKETS: Denmark and core markets in the Nordic region and in eastern and central Europe.
EMPLOYEES: About 1,100

Business development

The Agro business is operated by Chr. C. Grene in Denmark and by the Grene companies in Sweden, Norway, Finland, Poland and Lithuania, as well as by the newly-established companies in the Czech Republic and Russia operated in a joint venture with Grene's Dutch business partner Kramp Groep. Grene Industri-OEM, an independent business unit of Chr. C. Grene, and Grene Industri-service handle the activities in the Industry business area, which are mainly based in Denmark.

Both of these very logistic-intensive business areas make extensive use of the central warehouse in Skjern, Denmark. A 2,600 m² computerised warehouse with a fully-automatic miniload facility originally built at this location in 2007 is currently being extended by a further 3,000 m², which is expected to be operational in the summer of 2009. In addition, Grene Kramp Russia has begun the construction of 6,800 m² of warehouse and office facilities some 50 kilometres south of Moscow, which are expected to be operational in the summer of 2009.

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. The business area generated decent revenue improvements in 2008, achieving highly satisfactory results.

The company's in-house production of valve blocks and shipments of complete kits to major industrial customers in Denmark and abroad performed well and accounts for a substantial part of revenue. As a result, Hydra-Grene has invested heavily in production equipment and at the end of 2008, the company opened 2.600 m2 of new facilities in Skjern for the production of tubes and bent pipes.



Carsten Thygesen (left), who has the overall responsibility for the agro and industry business and Erik Lodberg, who is in charge of the hydraulics business.

At the end of 2008, Sean Ammentorp was appointed general manager of Chr. C. Grene. He replaced Carsten Thygesen, who will instead work on the overall development of the Agro and Industry business areas. The Hydraulics business area remains under the management of Erik Lodberg, general manager of Hydra-Grene.

Outlook

Having made substantial investments in its physical facilities and in developing its organization in the past few years, Grene now stands well positioned to take on the market challenges in the years ahead.



The management believes that the company's organisation is now ready to tackle the combination of the anticipated level of activity in 2009 and the continued positive developments expected for the Grene organisation in the years thereafter. The company will continue to develop the emerging markets of eastern and central Europe in 2009 and the resources for these efforts are estimated to impact overall profits by about DKK 10 million, which is in line with the corresponding figure for 2008.

Grene's business model and its broad portfolio of activities in several business areas make the company less sensitive to economic fluctuations. Nevertheless, Grene expects 2009 to be a challenging year with moderate demand for the company's goods and services.

Moderate demand is expected in the Agro business area, especially during the early months of the year, as distributors are reducing their inventories and as end users will probably keep their purchases at an absolute minimum. Demand is expected to normalise to some extent in the second half of the year, as Grene supplies a great deal of products necessary for the operation of a modern farming business, such as spare parts, wearing parts and consumables.

Generally moderate demand is expected in the Industry and Hydraulics business areas throughout 2009.

Accordingly, overall demand in 2009 is subject to substantial uncertainty, but in the current situation, Grene expects to generate revenue of approximately DKK 1.6 billion and a profit before tax in the range of DKK 70-90 million in 2009.

DKK million	2008	2007
Revenue	1,805	1,625
- of which Agro	882	821
- of which Industry	401	364
- of which Hydraulics	522	440

DKK million	2008	2007
REVENUE	1,804.5	1,625.4
GROSS PROFIT	594.1	533.1
EBITDA	198.5	177.3
Depreciation	38.1	31.4
EBIT	160.4	145.9
Share of profit from ass. companies	0.6	0.3
Financial items, net	(32.6)	(19.7)
PROFIT BEFORE TAX (EBT)	128.4	126.5
Tax for the period	(33.4)	(29.5)
PROFIT FOR THE PERIOD	95.0	97.0
Cash flow from operating activities	18.5	4.5
Cash flow from investing activities	(89.4)	(82.0)
Cash flow from financing activities	75.7	67.8
BALANCE SHEET		
Intangible assets	22.1	19.3
Property, plant and equipment	399.4	358.0
Other non-current assets	6.3	2.5
Cash and cash equivalents	10.9	6.1
Other current assets	836.7	753.7
TOTAL ASSETS	1,275.4	1,139.6
Equity	456.6	434.3
Interest-bearing debt	629.7	504.7
Other creditors	189.1	200.6
TOTAL LIABILITIES AND EQUITY	1,275.4	1,139.6
Schouw & Co.´s share of equity	453.5	430.3
Average number of employees	1,119	1,032
FINANCIAL KEY FIGURES		
EBITDA ratio	11.0%	10.9%
EBIT ratio	8.9%	9.0%
ROIC	16.0%	17.2%



Close customer contact

SERVICE Chr. C. Grene is the leading player within sales and service of spare parts and accessories for the agricultural sector, Grene Industri-OEM and Grene Industri-service work with sales, service and projects for the industry. Providing good service is the key word. You are in good hands with Grene.

Grene's agro business – i.e. Chr. C. Grene in Denmark and the Grene companies in Sweden, Norway, Finland, Poland and Lithuania – offers a market-based product range with more than 100,000 product items. The companies have an advanced warehouse and logistics system with robots and automated load systems. Machinery traders and thus farmers are able to buy a very large part of their consumables from Grene.

Grene has a large number of employees who posses specialist product knowledge. Some 60-70% of Grene's enquiries concern our advisory services. Grene has close contact with its customers and knows their needs, working days and situations. »Only one heading applies to all of Grene – business acumen skills« says CEO Carsten Thygesen, who has the overall responsibility for Grene's agro and industry business.

»We have many employees with a background from either suppliers or customers, so they are familiar with how our customers work. In addition, we have our logistics; we are really good at supplying products quickly and correctly – either to our retailers or directly to their customers,« Carsten Thygesen explains.

»Our employees show great commitment. The management is open towards employees











The fully automatic miniload facility at Grene's computerised warehouse in Skjern.

as well as suppliers and customers. With us, commitment and business acumen skills are key words. This is of course the way it has to be – otherwise, we wouldn't be able to retain our leading position,« Thygesen emphasises.

Grene's greatest challenge is the substantial structural developments taking place within the agricultural sector. Agriculture is moving towards larger units increasingly displaying industrial behaviour.

This increases the pressure on Grene to have the right products as well as the pressure on distributors and retailers of Grene products to match the increasingly professional users. 18 months ago, Grene introduced an e-commerce concept allowing farmers to order online.

»The service level still applies with e-commerce. Grene delivers products directly to the farms, and farmers are invoiced and serviced through their retailers. We believe that Grene can offer ideal solutions to professional farms. That the customers can get the best of two worlds. We don't believe that e-commerce can stand alone,« Thygesen says.

The agricultural sector is growing soundly in eastern and central Europe and for this reason, Grene has invested significant resources in expansion to the east. The goal is to be present in the most significant eastern and central European countries within the next five years. Grene has a strong base in Poland with 80 stores all over the country and business in the Baltic States is well under way. In co-operation with its long-standing Dutch partner, Kramp Groep, Grene has established operations in the Czech Republic and is building a presence in Russia.

The eastward expansion has presented a number of natural challenges. The biggest challenge is to keep up. Eastern Europe is based on a different culture and for this reason, Grene has a business development unit which educates and builds a large part of the organisation before the first product is sold.

Grene Industry

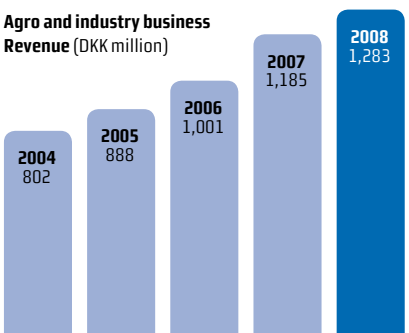
In Denmark, Grene has a high level of activity within the Industry business area. Grene Industri-OEM supplies components and technical articles to OEM customers and customers with an OEM-like profile.

The typical customers are small and medium-sized manufacturers of anything from food products to furniture and the parts of industry that need a turnkey solution and not just a single product. A wide and extensive product range and specialist competencies as well as logistics solutions are some of the solutions Grene provides.

Grene has a machining factory with state-of-the-art machinery at its disposal. The purpose of the machining factory is to produce and process components and transmission elements in relation to Grene's extensive product portfolio and to adapt the components to customer needs.

Grene Industri-Service is mainly involved in component sales as well as electromechanical, automation and maintenance services. The company is managed from centres in five Danish cities; Aarhus, Herning, Ringe, Svendborg and Middelfart.

In recent years, we have made dedicated efforts to increase our competency profile in both areas. Efforts which are now beginning to pay off. »In addition to our strong core competencies, we not only offer mainstream products, but we're also specialists in working with our customers to find solutions to match their individual needs,« Carsten Thygesen says.



Human resources are a basic element

KNOW-HOW Hydra-Grene's most important product is advisory services.

Hydra-Grene A/S is a specialised trading and engineering company whose business is the trading, development and production of hydraulic components, turnkey solutions and systems, hoses and fittings.

»Hydra-Grene stocks 40,000 different product items, but the most important raw material is our human resources,« CEO Erik Lodberg emphasises.

One of the company's core products is advisory services for customers. Advisory services concerning hydraulics and customer solutions. This requires the right product quality but naturally also well-educated employees in every area from the sales department to the technical staff, i.e. different types of engineers and internally-trained employees.

One of Hydra-Grene's unique products is valve blocks manufactured from solid aluminium. If standard components cannot provide the ideal solution for a product, the company's production department can offer specially designed valve assemblies tailored to a customer's individual needs.

The department is staffed by highly skilled machine operators who use the most modern CNC machines to manufacture individually designed hydraulic valve blocks to fit perfectly with the customer's machine or equipment. »In this way, our customers have access to competent employees and modern efficient production helping them to find the right solution,« Erik Lodberg emphasises.

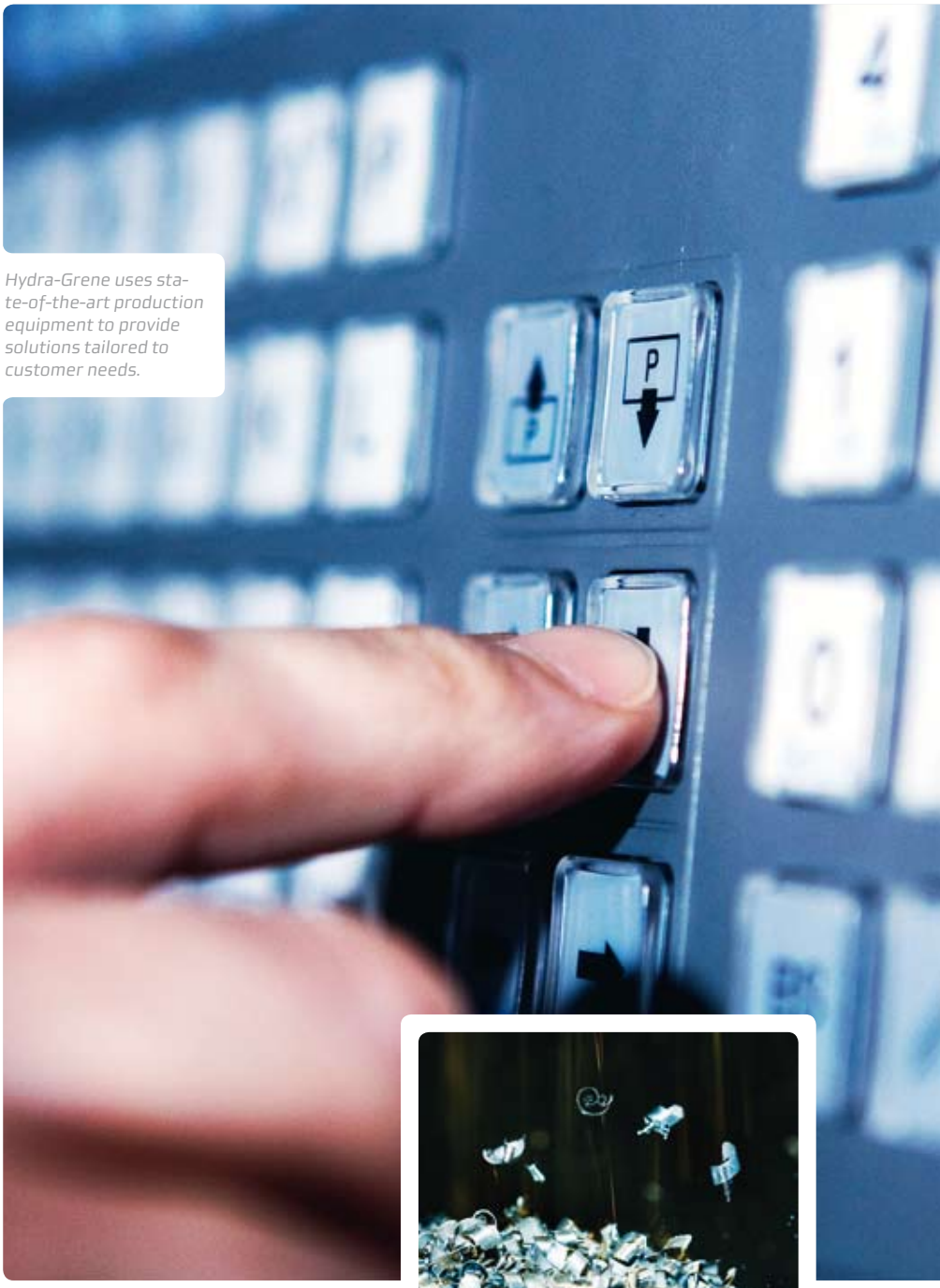
The good advisory services are based on sound collaboration with acknowledged manufacturers in Europe, the USA and the Far East, which supply high-quality hydraulic products and other technical products. The inventory list of more than 40,000 items is a guarantee of quick and reliable delivery. This enables Hydra-Grene to deliver complete turnkey hydraulic solutions to serial-production customers.

A lift manufacturer, for example, might









Hydra-Grene uses state-of-the-art production equipment to provide solutions tailored to customer needs.

A Schouw & Co. success

For many years, Hydra-Grene has been the best individually performing business in the Schouw & Co. sphere. In 2008, Hydra-Grene contributed a profit before tax of DKK 101 million, and the company has generated an EBIT margin of around 20% over the last couple of years. In addition, Hydra-Grene has generated organic growth rates of around 12% during the last five years.

The impressive growth and earnings performance is the result of a dedicated focus on know-how and specialisation. Hydra-Grene holds a strong position as a supplier of turnkey solutions for major customers, including customers in the wind turbine industry.

need 120 different components for a lift. Hydra-Grene supplies the complete component solution in one big box containing all items – hoses, fittings, blocks, etc. A customer needing several components can order everything using a single product number. Erik Lodberg points to the advantage for the customer of not having to source components from 20 different suppliers. »That's what makes it so crucial that the box contains every single item ordered and that requires a great deal from our warehouse staff,« he emphasises.

Hydraulic hoses

Hydra-Grene manufactures finished hydraulic hoses and industrial hoses in many different sizes. All hoses are produced at lengths and press fittings tailored to the customers' needs.

One of Hydra-Grene's most important partners is the American company, Gates, which is among the world's leading manufacturers of rubber products outside the car tyre industry.

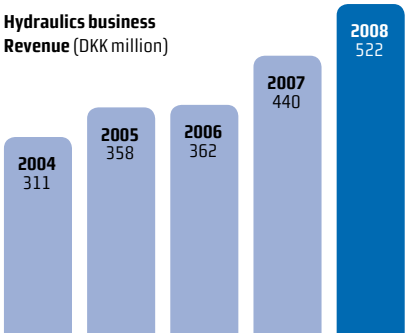
Gates' hydraulic hoses and fittings are used daily across the world in areas such as transport, mining, wind turbines, other industry and agriculture.

Erik Lodberg acknowledges the challenge in attracting qualified employees to Skjern in western Jutland. »Often we have to train people from scratch here. If we have an employee with a good basic education such as an engineer or technician, we take it upon ourselves to train that person,« Erik Lodberg says.

Erik Lodberg is pleased with the collaboration with the wind turbine industry, which Hydra-Grene follows globally. »I am very optimistic about the potential arising because of the current climate debate. Even though we are only sub-suppliers to the wind turbine industry, its developments affect us. It's a growing market with great future perspectives,« Erik Lodberg believes.

From being a local Danish player, Hydra-Grene is now moving towards the international level. Most recently, the company established a sales office in China. The next possible step is an actual production unit in China.

»The greatest future challenge will be to establish ourselves internationally. Evolving from being a purely Danish company to an international company is a big challenge. This will help us develop many new competencies,« Lodberg admits.



Martin

Financial performance

Martin generated revenue of DKK 1,045.2 million in 2008, compared with DKK 1,172.7 million in 2007. The setback was mainly a reflection of how cyclical Martin's business is.

The year began well with healthy revenue in the first quarter and expectations of full-year revenue of DKK 1,250 million. However, in the following two quarters, revenue was impacted by the delayed launch of the new MAC III Moving Head, and during the third quarter the effects of the general economic slump began to appear.

Martin operates in an industry that relies relatively strongly on healthy general economic developments and on having reasonable financing opportunities. Customers respond quickly and demand plummets when general conditions deteriorate. On the other hand, there is often a surge in demand when conditions return to normal.

Martin felt the full effects of the economic downturn in the fourth quarter of 2008, and although the new MAC III launched was well received by the market, the company failed to generate revenue and profit at a level reflective of its normal high season.

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 is also a major manufacturer of smoke machines.
GEOGRAPHY: Head office in Aarhus, Denmark and production facilities in Denmark, the UK and China.
CORE MARKETS: Europe, North America and Asia.
EMPLOYEES: About 900.

The profit before tax for the year was a dismal DKK 5.2 million against DKK 81.1 million in 2007. The profit includes a DKK 21.4 million gain from the sale of the subsidiary Martin Security Smoke in the first quarter of 2008. The 2008 profit before tax was well below expectations and thus not satisfactory.

Martin currently has its strongest product portfolio ever and has a leading global position, but in response to the downturn in the fourth quarter of 2008 and the beginning of 2009 and the resulting uncertainty, Schouw & Co. has recognised a goodwill impairment loss of DKK 213.1 million.

Business development

Marketing-wise, the biggest event for Martin in 2008 was clearly the spectacular and much talked about opening and closing ceremonies at the Beijing Olympics. Martin was the main supplier of the Moving Head lamps that were used to support the scenography of the show. Martin has received a lot of recognition for the prestigious project and has added yet another valuable entry to its list of high-profile global references.

Manufacturers of stage and effect lighting from all over the world presented their new products at the annual Plasa Show held in London in September. Martin emphasised its leading market position when introducing the new MAC III, which fundamentally has enhanced the company's competitive strength on the market for powerful Moving Head lamps.

At the Plasa Show, Martin also presented two new LED video wall products, expected to have a large sales potential for the TV/Theatre and Outdoor Installations segments, as well as the prototype for a new Moving Head based on the fast growing LED technology. These are all products that help to maintain the company's long-term market position.



Christian Engsted is CEO of Martin.

In the second quarter of 2008, in a move to strengthen its position in the market for light controllers, Martin acquired the shares of R&D International, a Belgian development company, at a price of DKK 18.2 million.

As part of Martin's ongoing efficiency improvement programs, the company made a decision in 2008 to centralise its entire European sales organisation. Pursuant to that decision, at the end of 2008, Martin acquired the outstanding 49% minority interest in its German sales subsidiary at a price of DKK 24 million.



Martin's business model, based on having a global presence and a full value chain, requires high break-even revenue. As a result, a sudden fall in sales will have a severe impact on earnings.

In response to the sudden plunge in sales during its ordinary high season, Martin had to implement extensive organisational restructurings in the second half of 2008, reducing the number of employees relative to the beginning of the year.

Outlook

Market demand is expected to be quite moderate in 2009, even though preparations are expected during the final part of the year for a number of major international sporting events in 2010.

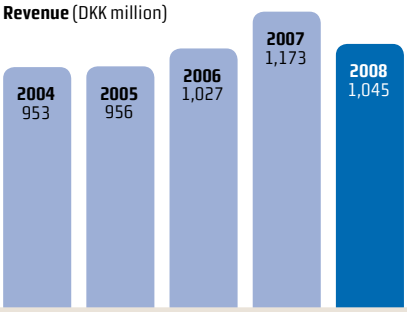
Martin has already implemented substantial organisational adjustments, including a consolidation of five subsidiaries in Europe as well as a more than 25% staff reduction, efficiency improvements and cost cuts. However, it is necessary for the company to maintain its product development and market presence at a certain level in order to retain the position as market leader in the long term.

The outlook for 2009 is subject to substantially above-normal uncertainty, but in the current situation, Martin expects to generate revenue in the range of DKK 800–900 million.

The company expects a full-year loss before tax in the region of DKK 75–100 million.

Relative to the competition, Martin is well prepared to tackle the current challenges and, backed its pipeline of several new products, the company will have good opportunities to further strengthen its market position. Expectations for Martin's long-term earnings potential remain good and in support of this outlook, Martin's capital base will be strengthened by DKK 100 million in 2009 through the conversion of an inter-company loan.

Revenue (DKK million)



DKK million	2008	2007
REVENUE	1,045.2	1,172.7
GROSS PROFIT	273.3	375.3
EBITDA	64.1	158.2
Depreciation	54.3	51.1
EBIT	9.8	107.1
Share of profit from ass. companies	0.9	1.1
Financial items, net	(26.9)	(27.1)
Profit from divestments	21.4	0.0
PROFIT BEFORE TAX (EBT)	5.2	81.1
Tax for the period	(1.0)	(25.3)
PROFIT FOR THE PERIOD	4.2	55.8
Cash flow from operating activities	15.3	39.7
Cash flow from investing activities	(97.5)	(72.0)
Cash flow from financing activities	81.6	21.4
BALANCE SHEET		
Intangible assets*	178.3	117.7
Property, plant and equipment	220.8	209.8
Other non-current assets	37.6	38.7
Cash and cash equivalents	7.3	7.9
Other current assets	693.8	660.0
TOTAL ASSETS	1,137.8	1,034.1
Equity	252.3	261.9
Interest-bearing debt	653.4	544.0
Other creditors	232.1	228.2
TOTAL LIABILITIES AND EQUITY	1,137.8	1,034.1
Schouw & Co.´s share of equity	252.3	253.7
Average number of employees	1,073	1,147
FINANCIAL KEY FIGURES		
EBITDA ratio	6.1%	13.5%
EBIT ratio	0.9%	9.1%
ROIC	1.2%	14.7%

*Excluding goodwill on consolidation in Schouw & Co. of DKK 0.0 million (2007: DKK 213.1 million).

Master of lighting

ENTERTAINMENT Martin is the world's leading manufacturer of computer-controlled effect lighting and sees great opportunities to introduce its products in related industries.

First of all, Martin Professional is known for its production of computer-controlled effect lighting for the entertainment industry in most parts of the world. Lighting designers use equipment by Martin for concerts promoting world-famous bands such as The Rolling Stones, Madonna, U2 and Bruce Springsteen.

»We are good at making dreams come true and creating the wow factor. With our equipment, we give lighting designers opportunities that they would not otherwise get, and we provide concert organisers with the assurance that the equipment works. Our products are not the cheapest on the market, but on the other hand they work every single time. Who has the courage to risk seeing the light go out when the Boss goes on stage?« asks Christian Engsted, CEO of Martin Professional. »We make the stars shine brighter,« he says with a twinkle in his eye.

On a global scale, Martin is one of the leading producers in the entertainment industry and is three to four times the size of its chief competitor. Any innovative company must be prepared to seek new opportunities, and for that reason Martin is moving beyond its core area. This could be for instance dynamic lighting of sculptures and buildings such as the Chicago Riverfront or the Toyota Stadium in Tokyo, or illumination of public buildings, for instance the Post Tower in Bonn, Germany, and it could be computer-controlled lighting in theme parks, shopping malls and at ski resorts all over the world.

»I would like to see a 50/50 distribution of Martin's businesses between entertainment and non-entertainment«, says Christian Engsted. The company has annual revenues of approximately DKK 750m for the entertainment segment, while the remaining revenues constitute DKK 300m. The company has growth potentials in both areas.

Another of Martin's strengths is its high international service level. If a band goes on tour in Australia, Martin can provide its serv-



Martin has a comprehensive demonstration facility that allows lighting designers to explore the many possibilities available from Martin products.

ices on location. If the tour goes to either the USA or Europe, Martin will be able to render its services there. »Not many of our competitors are capable of doing that«, Christian Engsted points out.

The entertainment lighting industry is a small niche market, and the total value of the market is barely more than DKK 3bn. »If Martin is to grow, we will have to move into the commercial segment. That market is at least 10 times bigger, maybe worth DKK 30 billion, so, if we do it right, that market holds great potential«, the CEO believes.

One of Martin's goals for 2009 is to secure that it is future-proofed for the great events to take place in 2010. 2009 will be a very difficult year, but Christian Engsted is confident that the outlook is not too bleak.

»At Martin we are very goal-oriented; we know what projects we want. In 2010, there will be quite a lot of great events«, says Christian Engsted while mentioning a number of events where Martin aims to become the main supplier of state-of-the-art technical equipment for effect-lighting: The Winter Olympics in Vancouver, Canada, Expo 2010 in Shanghai and the Asian Games in Guangzhou, China, the Commonwealth Games in India, the FIFA World Cup in South Africa and the Copa America 2011 in Argentina, which is the South American football championships.

Another major competitive parameter at Martin is innovation and rapid market penetration. In 2006, Martin was not on the map in relation to LED technology and video products, but during 2006 Martin developed a completely new product, a so-called LED video wall. The video wall is versatile as it can not only be used for concerts, but also in new commercial contexts. »Since the product was launched in 2007, sales of the product have reached DKK 200m, and today LED products constitute 15% of our sales,« Christian Engsted explains.

Martin's latest innovation is the MAC III lamp. It is the most sophisticated Moving Head that the market has ever seen, and it contributes to retaining Martin as the world's leading lighting manufacturer.

MAC III has the maximum rated output of 1,500 Watts. Nowadays, shows make very high demands on the output of the lighting equipment, and MAC III can deliver a light output of 33,000 lumens, which is 75% more than that of a normal lamp of 1,200 Watts. In addition, MAC III is quite unique; it has natural colour rendering and a patented, low-noise cooling system that contributes to extending the life time of the lamp.

»We set extremely high quality standards for our products; much higher than do our customers and competitors,« explains Christian Engsted.

In many areas, the MAC III lamp represents extremity. It tends to get very hot, and therefore one of the challenges for the development department was to transport the heat away from the lamp. It can get so hot that the glass placed in front of the bulb will melt. For that reason, the MAC III colour modules among other things must be manufactured from quite special glass material.

»At Martin, we have a saying that Martin 'owns' show lighting, and we intend to continue using that phrase,« says Christian Engsted.



1 Animation wheel
2 Gobo
3 Effect module
4 Colour mixing module
5 Shutter
6 Frontlens
7 Focus
8 Zoom
9 Tilt
10 Cabinet
11 Cooling section
12 Reflector
13 Bulb
14 Pan
15 Controlling
16 Cooling

Martin MAC III Profile ™

Xergi

Financial performance

Xergi is a project-driven business relying strongly on the availability of project financing in the markets it operates in. Accordingly, in 2008, the company clearly felt the effects of the very difficult conditions prevailing in the financial sector.

As a result, the reported revenue for 2008 fell to DKK 94.3 million from DKK 142.0 million in 2007.

In the US market, the financial situation also caused delays in the start-up of new projects. Xergi operates through a license partner in the US and the delays have caused otherwise secure license payments to Xergi to be postponed.

The lower revenue and the postponed licence payments have had a major effect on the profit for the year, but through careful capacity adjustments and a restructuring of activities, the company has managed to limit the negative profit impact.

As a result, the company recorded a loss before tax of DKK 16.2 million against a loss of DKK 6.2 million in 2007. While this is of course not a satisfactory performance, it is consistent with the most recent guidance.

FACTS ABOUT XERGI: Xergi is a leading supplier of turnkey energy systems, including biogas and organic fertiliser separation systems.
Xergi is owned on a fifty/fifty basis by Schouw & Co. and Dalgasgroup (Hedeselskabet) and is recognised in the consolidated financial statements on a pro rata basis.
GEOGRAPHY: Head office in Støvring near Aalborg.
CORE MARKETS: Europe and the USA.
EMPLOYEES: About 70.

Business development

In 2008, Xergi acquired 50% of the patent rights to a biomass pretreatment concept that is expected to give the company a substantial competitive edge in the market for biogasification of livestock manure. The novel technology enables biogas projects to be based exclusively on livestock manure. All previous international biogas projects have been based on a combination of livestock manure and the addition of energy crops or waste from the food industry with the principal energy contribution deriving from the added substances.

The new patented concepts allows for the profitable operation of biogas facilities purely on the basis of livestock manure, because it enhances the gas yield by at least 20% and because a large part of the nitrogen contained in the livestock manure can be converted to commercial fertilizer.

Also in 2008, Xergi stepped up the cooperation with Novozymes for the development of micro-organisms, which can contribute to optimising the biogas production processes. The purpose of this project is also to optimise the gas yield from livestock manure, and the parties expect to file patent applications in 2009.

The company reaps considerable benefits from its R&D department being located at the Agro Business Park in Foulum, Jutland, next to the test facility for biogas production that Xergi recently built for the Danish Institute of Agricultural Sciences.

Xergi adapted to the challenging market conditions in 2008, restructuring activities with a view to optimising the available resources. The company has refocused its approach to working the markets, maintaining the efforts in Denmark and in a number of selected European markets.

Outlook

Xergi began 2009 with an order book that was substantially better than at the beginning of 2008, but the company continues to rely on having a good order inflow during the year.

In respect of certain customers, the turnkey operations are sub-



Frank Rosager, the managing director of Xergi.

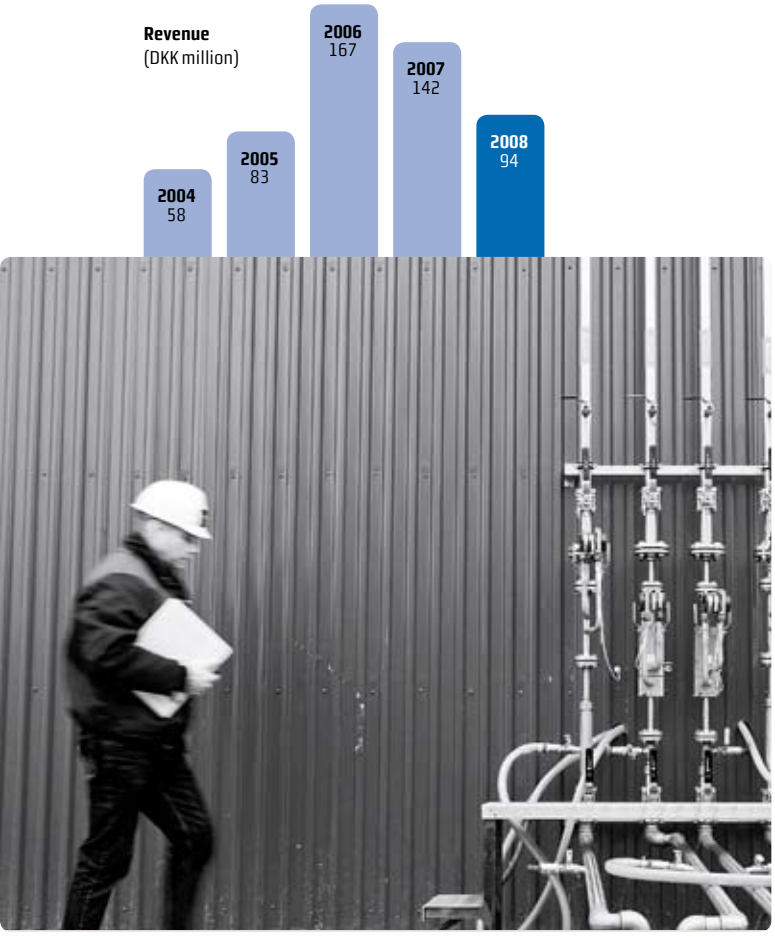
ject to available project financing, a situation that may cause a shift in the order inflow. Other Xergi activities are directed at utilities, for example. In many cases, financing for such projects has been secured, but competition for these customers has increased.

Xergi postponed planned job appointments and cut back on its capacity costs in 2008. The substantial uncertainty regarding market conditions in 2009 has clearly resulted in a strong focus on all costs, but being in a development phase, the company needs to continue to work the markets and maintain product development to a certain extent, even in a situation of weaker sales opportunities in the short term.

Given the current situation, Xergi expects to generate revenue of around DKK 150 million in 2009. The company is expected to sustain a loss also in 2009, but the performance is expected to improve substantially on 2008.

On a longer term horizon, the prospects for biogas seem very promising. Support for renewable energy is growing strongly, especially for biogas which is making positive contributions to limiting emissions, reducing problems related to nutrients and for enhancing the security of energy supplies. Most European countries have now defined ambitious goals for expanding the use of biogas and are providing financial stimulus for the achievement of these goals by way of improving settlement conditions.

Accordingly, Xergi expects that biogas technology can be expanded considerably in a number of countries when project financing conditions return to normal.



DKK million	2008	2007
REVENUE	94.3	142.1
GROSS PROFIT	11.6	18.1
EBITDA	(14.3)	(5.4)
Depreciation	1.5	1.4
EBIT	(15.8)	(6.8)
Financial items, net	(0.4)	0.6
PROFIT BEFORE TAX (EBT)	(16.2)	(6.2)
Tax for the period	4.4	0.5
PROFIT FOR THE PERIOD	(11.8)	(5.7)
Cash flow from operating activities	18.0	(18.0)
Cash flow from investing activities	(18.3)	(2.8)
Cash flow from financing activities	(1.3)	5.0
BALANCE SHEET		
Intangible assets*	14.7	7.3
Property, plant and equipment	4.2	4.7
Other non-current assets	26.6	12.5
Cash and cash equivalents	27.3	27.8
Other current assets	37.0	49.6
TOTAL ASSETS	109.8	101.9
Equity	30.5	43.4
Interest-bearing debt	23.7	25.0
Other creditors	55.6	33.5
TOTAL LIABILITIES AND EQUITY	109.8	101.9
Schouw & Co.´s share of equity	15.1	21.6
Average number of employees	70	69
FINANCIAL KEY FIGURES		
EBITDA ratio	-15.2%	-3.8%
EBIT ratio	-16.8%	-4.8%
ROIC	Neg.	Neg.

*Excluding goodwill on consolidation in Schouw & Co. of DKK 6.8 million (2007: DKK 6.8 million).

Financial review

The financial review contains the management's comments on the consolidated financial statements for 2008 and the accounting policies.

Accounting policies and specification of accounting policies

The ongoing review of our accounting policies resulted in an addition relating to government grants. Otherwise, only a few clarifying adjustments have been made to the description of the accounting policies.

The mentioned addition and specification of the accounting policies had no influence on the financial results for the year or equity.

Apart from the addition, the accounting policies are consistent with those applied last year.

Acquisitions and divestments

In November 2007, BioMar agreed to acquire Provimi's fish feed activities in Chile, Denmark and Spain. The transaction was approved by the competition authorities on January 31, 2008, from which date the company has been consolidated in the Group.

In January 2008, BioMar executed the agreement of December 2007 to divest its 5.2% stake in the company AquaGen. A profit of DKK 37.1 million was realised from the sale, which amount was recognised in the income statement under financial income.

At the end of February 2008, Martin Professional divested its subsidiary Martin Security Smoke at a price of DKK 28.0 million, realising a DKK 21.4 million profit that has been recognised under profit from the divestment of equity investments.

In May 2008, Martin Professional agreed to acquire the Belgian development company R&D International at a price of DKK 21.4 million on a debt-free basis. This company had been a very important sub-supplier to Martin.

In December 2008, Martin Professional acquired the outstanding 49% minority interest in the sales subsidiary Martin Germany. The acquisition meant that the minority interest of the already fully consolidated company was eliminated.

In 2008, Schouw & Co. disposed of 800,000 shares in Vestas, reducing the holding to 4,000,000 shares. No Vestas shares were sold in 2007. The sale of the shares produced proceeds of DKK 535.7 million and a realised capital gain of DKK 98.2 million, which was recognised under financial income. An unrealised capital loss of DKK 969.7 million recorded on the remaining holding was recognised under financial expenses.

Merger of Schouw & Co. and BioMar Holding A/S

In March 2008, Schouw & Co. submitted a proposal for a merger with BioMar Holding A/S. The merger was adopted by the shareholders in general meeting of both companies and completed on April 16, 2008. The minority shareholders were paid by way of shares in Schouw & Co., in part by treasury shares and in part by new shares. At Group level, the merger had the effect of reducing minority interests and of increasing equity by the market value of the new shares. The shares were issued at the market price, indicating goodwill at DKK 289.7 million.

The merger necessitated a number of subsequent transactions for the merged companies. Following the merger, BioMar Holding was wound up, and parts of the company's assets and liabilities were instead recognised in the parent company's balance sheet. All assets relating to the operations of BioMar were transferred to the new parent company of the BioMar group, BioMar Group A/S, immediately after the merger. Following this transaction and a capital increase, the BioMar group was once again an independent entity with largely the same capital structure as before the merger. The only material item that did not revert to BioMar Group was pension liabilities in respect of former employees of the KFK group. At December 31, 2008, these liabilities amounted to DKK 26.1 million.

CONSOLIDATED INCOME STATEMENT

Revenue

Consolidated revenue was up by DKK 1,671 million from DKK 8,150 million in 2007 to DKK 9,821 million, an increase of 20.5%. Adjusted for revenue from companies acquired and divested, organic revenue growth amounted to approximately DKK 600 million, or approx. 7% excluding the effect of exchange rate fluctuations. Falling exchange rates on some of the Group's key markets had a negative impact on revenue. The overall increase of DKK 1,671 million was driven strongly by BioMar's acquisition of Provimi's fish feed operations and by improvements in Grene, whereas Martin and Xergi both reported large falls in revenue. Fibertex reported revenue for 2008 that was largely unchanged from 2007. BioMar and Grene reported improvements of DKK 1,645 million and DKK 179 million, respectively. Some DKK 1,100 million of BioMar's revenue growth derived from the acquisition of Provimi's fish feed activities. Grene's revenue improvement was purely organic.

Martin's revenue fell by DKK 127 million, of which about DKK 25 million related to the divested business area Martin Security Smoke. Much of the remaining downturn was due to difficult market conditions, including difficult financing conditions for Martin's customers. Xergi suffered a DKK 24 million fall and was also affected by difficult financing conditions and generally weak earnings in the agricultural sector.

Operating profit (EBIT)

Operating profit before goodwill impairment was DKK 337.6 million, a decline of DKK 101.2 million from DKK 438.8 million in 2007. With a recognised goodwill impairment loss of DKK 213.1 million, the operating profit (EBIT) for the year was DKK 124.4 million compared with DKK 438.8 million in 2007. However, the overall decline consists of improvements as well as declines.

Fibertex and Grene provided positive performances, reporting EBIT improvements of DKK 37.8 million and DKK 14.5 million, respectively. However, of the Fibertex improvement, DKK 21.7 million related to the recognition of an investment grant for the factory in Malaysia. Grene's EBIT improvement of 10% was largely equal to the reported revenue improvement.

On the other hand, Martin and BioMar incurred major EBIT declines at DKK 97.4

million and DKK 55.4 million, respectively. For Martin, the EBIT decline was caused by the drop in revenue and by the fact that the original cost base for 2008 was based on expectations of revenue growth in 2008. For BioMar, the EBIT decline was caused by impairment losses of DKK 57.5 million due to the closure of two old factory sites. A test for impairment of Schouw & Co.'s goodwill relating to Martin resulted in a DKK 213.1 million goodwill impairment loss.

Xergi reported a fall of DKK 4.5 million, which amount combines with the DKK 3.9 million improvement reported by the parent company to account for the remaining drop in EBIT of DKK 0.6 million.

Income from investments in associates

Net income from investments in associates after tax was DKK 4.0 million against a net loss after tax of DKK 3.0 million in 2007. Income from associates in 2008 comprised the following main items (DKK million):

Incuba A/S	2.5
Associates, Grene	0.6
Associates, Martin	0.9
Total	4.0

Incuba's operations contributed a profit after tax of DKK 2.5 million compared with a loss after tax of DKK 4.4 million in 2007. Incuba reported an overall profit of DKK 5.0 million against a loss of DKK 8.7 million in 2007. Grene contributed DKK 0.6 million after tax from its 30.0% equity interest in Dansk Afgratningsteknik A/S. Martin contributed a total of DKK 0.9 million from its three associates.

Financial items

The Group's financial items amounted to a net expense of DKK 1,015.0 million, compared with net income of DKK 1,330.3 million last year. The DKK 2,345.3 million fall in net financial items was primarily due to value adjustments on the Group's holding of Vestas shares. Value adjustment of Vestas shares produced an DKK 871.5 million net capital loss in 2008, compared with an unrealised capital gain of DKK 1,466.8 million in 2007. The net capital loss in 2008 consists of a realised capital gain of DKK 98.2 million and an unrealised capital loss of DKK 969.7 million. In addition, financial items include a realised profit of DKK 37.1 million from the sale of the shareholding in AquaGen. See 'Acquisition and divestments' above. Calculated net of the effect of the holding of Vestas shares and the profit from the sale of AquaGen, net financial expenses increased by DKK 44.1 million to DKK 180.6 million. Net financial expenses increased because of the higher net interest-bearing debt and the generally higher level of interest rates.

Profit from divestment of equity investments

Profit from the divestment of equity investments amounted to DKK 21.4 million and consisted of the profit from the sale of Martin Security Smoke. No equity investments were divested in 2007.

Income tax

The tax charge on the profit for the year was DKK 38.3 million, against DKK 102.4 million in 2007.

The effective tax rate for the year was negative at 4.4%, as the tax expense for the year is calculated on the basis of the consolidated ▶





▶ loss before tax of DKK 865.2 million. The loss for the year was affected by a non-deductible net capital loss of DKK 871.5 million on the holding of Vestas shares and impairment loss of DKK 213.1 million.

The adjustment of deferred tax assets mainly relating to BioMar had a negative impact of DKK 9.9 million on the tax charge for the year.

Excluding the special impact on deferred tax in 2008 and adjusted for tax-free value adjustments and the profit from the divestment of equity investments, etc., the effective tax rate was 22.7% compared with 25.3% in 2007.

Profit from discontinuing operations

Profit from discontinuing operations includes profits from companies which have been put up for sale and for which an active sales effort is being made. BioMar holds a 51% interest in the Norwegian fish farming business Sjøtroll, which not being a core activity has been put up for sale. The company generated revenue of DKK 680.3 million in 2008. See 'Segment reporting' in note 1 to the financial statements on page 55.

The Sjøtroll ownership interest produced a profit after tax but before minority interests of DKK 0.1 million in 2008, which amount is distributed by DKK 2.0 million profit attributable to the shareholders of Schouw & Co. and a DKK 1.9 million loss attributable to the minority shareholders of Sjøtroll. In 2007, the ownership interest produced a profit after tax but before minority interests of DKK 19.5 million, which amount was 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 10,153 million at December 31, 2008 compared with DKK 10,316 million at December 31, 2007. The slight decrease of DKK 163 million covers a number of material and opposing factors.

Intangible assets increased by a net amount of DKK 427 million, of which goodwill made up DKK 348 million. On the acquisition of the Provimi activities at February 1, 2008, goodwill was calculated at DKK 246 million. At the merger with BioMar Holding A/S, in which minority shareholdings were acquired, goodwill was calculated at DKK 290 million. The remaining net increase of DKK 25 million relates to Martin's acquisition of R&D International and of the 49% minority stake in Martin Germany and from the sale of Martin Security Smoke. After testing for impairment, the Group has recognised a goodwill impairment loss of DKK 213.1 million in Martin.

Intangible assets included additions of net DKK 46 million in patents and licenses and of DKK 33 million in development costs. Out of the addition in patents and licenses, rights relating to the Provimi acquisition amounted to DKK 36 million and the increase in development projects were attributable to capitalised development projects in Martin.

Property, plant and equipment were up by DKK 38 million in 2008, the increase consisting of several opposing factors. Large parts of the Group's assets are located in countries whose currencies depreciated substantially relative to Danish kroner in the autumn of 2008, causing the value of the assets translated into Danish kroner to fall by DKK 77 million. The Group invested DKK 335.2 million in new property, plant and equipment, of which DKK 136 million derived from additions in Fibertex related to modernising production plant. Grene's investments totalled DKK 90 million, of which DKK 33 million related to property. Martin invested DKK 42 million in plant and machinery. Finally, BioMar invested DKK 65 million in production plant. In addition to the direct investments in property, plant and equipment, BioMar reported an addition of DKK 172 million related to the acquisition of the Provimi fish feed operations.

In other non-current assets, investments in associates increased by DKK 40 million from DKK 68 million to DKK 108 million. DKK 31 million of the increase was additions related to the Provimi investment.

Securities fell by DKK 1,421 million, which was mainly attributable to the Group's holding of Vestas shares. The shareholding was valued at DKK 2,628 million at the beginning of the year. The shareholding was reduced in mid-2008 through the sale of 800,000 shares. As explained under 'Financial items', the value of the shareholding was further reduced by a net capital loss of DKK 872 million. At December 31, 2008, the 4,000,000 shares were valued at DKK 1,218 million.

Non-current receivables increased by DKK 89 million during the period, which amount mainly involves an investment grant relating to Fibertex in Malaysia.

Current assets increased by DKK 927 million, of which inventories and receivables were up by DKK 132 million and DKK 671 million, respectively. BioMar and Grene accounted for DKK 74 million and DKK 70 million, respectively, of the increase in inventories. Out of the DKK 671 million increase in trade receivables, DKK 624 million related to BioMar and was due in part to the 45% increase in revenue, in part to longer credit periods on selected major contracts. The Group's cash and cash equivalents amounted to DKK 377 million at December 31, 2008. Cash and cash equivalents had increased by DKK 150 million at December 31, 2008, mainly in BioMar.

Assets held for sale

Assets held for sale amounted to DKK 972.4 million at December 31, 2008 compared with DKK 1,251.5 million at December 31, 2007 and consisted of the assets in Sjøtroll of DKK 891.3 million plus goodwill of DKK 81.1 million. The total value of the assets in Sjøtroll fell due to a 19% depreciation of Norwegian kroner against Danish kroner during 2008 and because Sjøtroll reduced its total assets through the sale of non-core activities.

Liabilities and equity

Share capital / Equity

The share capital amounted to DKK 124.7 million at the beginning of the year. At the annual general meeting held in April 2008, the shareholders resolved to increase the share capital through the issue of bonus shares at a ratio of one new share for every share held, increasing the share capital by DKK 124.7 million. Also at that general meeting, the shareholders resolved to issue new shares for a nominal amount of DKK 30.6 million in connection with the merger with BioMar. This brought the share capital to DKK 280.0 million.

Consolidated equity including minorities was reduced by DKK 1,007 million in 2008.

Exchange rate adjustments in foreign subsidiaries had an adverse impact of DKK 174.2 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 129.7 million. On the merger with BioMar Holding, equity was increased by DKK 641.9 million, as the minority shareholders of BioMar were paid by way of shares in Schouw & Co. with a market value equal to this amount. Also in connection with the merger, the minority interests relating to the former shareholders of BioMar were eliminated. This and Martin's acquisition of the minority stake in Martin Germany explains the DKK 362.2 million fall in minority interests. After giving effect to the loss for the year of DKK 903.4 million, Schouw & Co.'s equity including minority interests amounted to DKK 4,634.9 million at December 31, 2008, compared with DKK 5,641.5 million a year earlier.

Treasury shares

In 2008, Schouw & Co. disposed of 136,429 shares for the Group's employee share scheme and option programme. In addition, 369,048 shares were used as partial payment of the minority shareholders of BioMar in connection with the merger. When bonus shares were issued in April 2008, the holding of treasury shares increased by 792,345 shares. During 2008, Schouw & Co. acquired 544,907 treasury shares at a total value of DKK 80.6 million. At December 31, 2008, Schouw & Co. held 1,760,509 treasury shares, corresponding to 6.29% of the share capital. The portfolio of treasury shares is recognised at DKK 0.

Debts

The Group's total liabilities increased by DKK 1,013 million to DKK 5,087 million at December 31, 2008, of which interest-bearing debt amounted to DKK 3,373 million compared with DKK 2,868 million at December 31, 2007. The DKK 505 million increase in interest-bearing debt was mainly the result of a DKK 366 million increase in working capital.

Liabilities relating to assets held for sale

Liabilities relating to assets held for sale, amounting to DKK 431.5 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 slightly, by DKK 8.4 million to DKK 273.0 million from DKK 281.4 million in 2007.

Investing activities for the year amounted to DKK 275.4 million compared with DKK 708.1 million in 2007. The large difference from 2007 to 2008 was mainly due to the sale of shares in Vestas and AquaGen, among others, in 2008 for a total of DKK 585.5 million. Cash investments for the year included investments in property, plant and equipment totalling DKK 310.5 million against DKK 294.9 million in 2007. Fibertex and Grene accounted for most of this amount, representing a total of DKK 226 million. A total of DKK 478.5 million was used for company acquisitions during the year, the principal transaction being BioMar's acquisition of Provimi's fish feed operations. Finally, DKK 71.4 million was invested in intangible assets, mainly involving capitalised development costs.

As part of the funding of the total investments made, debt was increased by a net amount of DKK 297.1 million in 2008. Cash flows from financing activities totalled an inflow of DKK 166.8 million, as a total of DKK 129.7 million was used for dividend payments and purchases of own shares.

Cash and cash equivalents at year end, comprising bank deposits, increased by DKK 151.7 million to stand at DKK 383.9 million at December 31, 2008. The increase is of a temporary nature and is expected to be reduced substantially in 2009. Cash and cash equivalents at December 31, 2007 of DKK 383.9 million included assets held for sale amounting to DKK 6.9 million.

Consolidated financial statements



All amounts in millions of Danish kroner.

Consolidated income statement January 1 - December 31

Note		2008	2007
1, 2	**Revenue**	9,821.2	8,150.3
3	Cost of sales	(8,071.9)	(6,457.0)
	Gross profit	1,749.3	1,693.3
5	Other operating income	33.4	17.6
3	Distribution costs	(1,024.5)	(917.3)
3, 4	Administrative expenses	(419.5)	(352.5)
3, 12	Goodwill impairment	(213.1)	0.0
5	Other operating expenses	(1.2)	(2.3)
	Operating profit	124.4	438.8
6	Income from investments in associates after tax	4.0	(3.0)
7	Profit from divestment of equity investments	21.4	0.0
8	Financial income	183.9	1,498.4
9	Financial expenses	(1,198.9)	(168.1)
	Profit before tax	(865.2)	1,766.1
10	Tax on profit for the year	(38.3)	(102.4)
	Profit for the year from continuing operations	(903.5)	1,663.7
1, 32	Profit for the year from discontinuing operations	0.1	19.5
	Profit for the year	(903.4)	1,683.2
	Attributable to		
	Shareholders of Schouw & Co.	(898.9)	1,652.5
	Minority interests	(4.5)	30.7
		(903.4)	1,683.2
11	Earnings per share (DKK)	(35.34)	70.74
11	Diluted earnings per share (DKK)	(35.34)	70.45
11	Earnings per share from continuing operations (DKK)	(35.42)	70.52
11	Diluted earnings per share from continuing operations (DKK)	(35.42)	70.23
	Recognised comprehensive income for the group		
	Exchange rate adjustment of foreign subsidiaries etc.	(226.8)	(15.4)
	Value adjustment of hedging instruments	1.8	(0.1)
	Value adjustment of securities available for sale	(37.5)	37.5
	Revaluation of Sjøtroll on consolidation	0.0	17.6
	Tax on items taken directly to equity	(0.4)	0.2
	Net income recognised directly in equity	(262.9)	39.8
	Profit for the year	(903.4)	1,683.2
	Total recognised comprehensive income	(1,166.3)	1,723.0
	Attributable to		
	Shareholders of Schouw & Co.	(1,094.9)	1,668.3
	Minority interests	(71.4)	54.7
		(1,166.3)	1,723.0

Consolidated balance sheet • Assets at December 31

Note		2008	2007
	Assets		
	Non-current assets		
3, 12	**Intangible assets**		
	Goodwill	850.1	502.5
	Patents, licences and rights	47.5	1.0
	Completed development projects	107.3	55.6
	Development projects in progress	31.0	49.7
		1,035.9	608.8
3, 13	**Property, plant and equipment**		
	Land and buildings	1,193.6	1,154.8
	Leasehold improvements	10.9	5.7
	Plant and machinery	1,216.0	1,230.4
	Other fixtures, tools and equipment	111.5	97.2
	Assets under construction, etc.	70.8	76.4
		2,602.8	2,564.5
	Other non-current assets		
6	Equity investments in associates	108.1	67.8
14	Securities	1,247.4	2,668.3
19	Deferred tax	48.5	33.2
16	Receivables	112.9	24.4
		1,516.9	2,793.7
	Total non-current assets	5,155.6	5,967.0
	Current assets		
15	Inventories	1,546.8	1,415.1
16	Receivables	2,051.8	1,380.5
25	Income tax receivable	20.8	11.5
17	Construction contracts	2.6	0.7
	Prepayments	25.5	17.2
14	Securities	0.7	45.8
31	Cash and cash equivalents	377.0	227.1
	Total current assets	4,025.2	3,097.9
1, 32	Assets held for sale	972.4	1,251.5
	Total assets	10,153.2	10,316.4

Liabilities and equity at December 31

Note		2008	2007
	Liabilities and equity		
18	**Equity**		
	Share capital	280.0	124.7
	Hedge transaction reserve	(1.2)	(5.6)
	Exchange adjustment reserve	(181.9)	(7.7)
	Fair value adjustment reserve	0.0	25.8
	Retained earnings	4,233.8	4,760.4
	Proposed dividend	84.0	74.8
	Share of equity attributable to the parent company	4,414.7	4,972.4
	Minority interests	220.2	669.1
	Total equity	4,634.9	5,641.5
	Liabilities		
	Non-current liabilities		
19	Deferred tax	192.9	148.9
20	Pensions and similar liabilities	26.1	21.6
21	Provisions	13.2	14.0
22	Credit institutions	1,872.5	1,267.6
22, 23	Other liabilities	11.6	3.3
	Accruals and deferred income	37.9	0.0
		2,154.2	1,455.4
	Current liabilities		
22	Current portion of non-current debt	268.7	181.7
22	Credit institutions	1,223.9	1,419.1
17	Construction contracts	9.7	6.6
24	Trade payables and other payables	1,398.5	958.0
25	Income tax	12.7	23.6
21	Provisions	8.9	22.4
	Accruals and deferred income	10.2	6.6
		2,932.6	2,618.0
	Total liabilities	5,086.8	4,073.4
1, 32	Liabilities associated with assets classified as held for sale	431.5	601.5
	Total liabilities and equity	10,153.2	10,316.4

26 Contingent liabilities and guarantees

33-37 Notes without reference

Consolidated cash flow statement January 1 - December 31

Note		2008	2007
	Profit before tax	(865.2)	1,766.1
	Adjustment for operating items of a non-cash nature, etc.		
3	Depreciation and impairment losses	632.0	325.6
	Other operating items, net	32.6	10.2
	Provisions	(9.0)	(19.0)
	Income from investments in associates after tax	(4.0)	3.0
	Financial income	(183.9)	(1,498.4)
	Financial expenses	1,198.9	168.1
	Cash flows from operating activities before changes in working capital	801.4	755.6
27	Changes in working capital	(305.0)	(257.1)
	Cash flows from operating activities	496.4	498.5
	Interest income received	52.2	44.2
	Interest expenses paid	(245.1)	(178.7)
	Cash flows from ordinary activities	303.5	364.0
25	Income tax paid	(30.5)	(82.6)
	Cash flows from operating activities	273.0	281.4
28	Purchase of intangible assets	(71.4)	(60.7)
	Sale of intangible assets	1.1	0.0
28	Purchase of property, plant and equipment	(328.4)	(305.9)
	Sale of property, plant and equipment	17.9	11.0
29	Acquisition of enterprises	(478.5)	(187.6)
	Acquisition of minority interests in subsidiaries	(9.8)	(135.5)
6	Acquisition of associates	(5.0)	0.0
30	Divestment of subsidiaries	14.2	0.0
	Purchase of securities	(1.0)	(32.2)
	Sale of securities	585.5	2.8
	Cash flows from investing activities	(275.4)	(708.1)
	Debt financing:		
	Repayment of non-current liabilities	(377.1)	(618.8)
28	Proceeds from incurring financial liabilities	856.0	352.5
	Increase (repayment) of debt to credit institutions	(181.8)	895.4
	Shareholders:		
	Costs regarding capital increase	(1.1)	0.0
	Additional minority shareholders, net	0.5	0.0
	Dividend paid	(85.3)	(85.3)
	Purchase / sale of treasury shares, net	(44.4)	(99.2)
	Cash flows from financing activities	166.8	444.6
	Cash flows from discontinuing operations	1.8	60.7
	Cash flows for the year	166.2	78.6
	Cash and cash equivalents at January 1	232.2	155.2
	Value adjustment of cash and cash equivalents	(14.5)	(1.6)
31	**Cash and cash equivalents at December 31**	383.9	232.2

Notes to the consolidated financial statements

NOTE 1 - **Segment reporting**

Activities - primary segment - 2008

	BioMar	Fibertex	Grene	Martin	Not allocated/ eliminations	Continuing activities	Discontinuing activities	Group
Revenue	5,321.3	1,589.6	1,804.5	1,045.2	60.6	9,821.2	680.3	10,501.5
Intra-group revenue	0.0	0.0	(0.6)	(0.4)	1.0	0.0	(298.4)	(298.4)
Net revenue	5,321.3	1,589.6	1,803.9	1,044.8	61.6	9,821.2	381.9	10,203.1
Gross profit	612.4	250.9	594.1	273.3	18.6	1,749.3	19.2	1,768.5
Impairment losses	(57.5)	0.0	0.0	(213.1)	0.0	(270.6)	0.0	(270.6)
Income from investments in associates after tax	0.0	0.0	0.6	0.9	2.5	4.0	0.0	4.0
Profit for the year	37.7	48.3	94.9	(208.9)	(875.5)	(903.5)	0.1	(903.4)
Attributable to:								
Shareholders of Schouw & Co.	41.3	48.3	96.1	(211.0)	(875.6)	(900.9)	2.0	(898.9)
Minority interests	(3.6)	0.0	(1.2)	2.1	0.1	(2.6)	(1.9)	(4.5)
Segment assets	3,604.3	1,889.9	1,275.4	1,137.8	1,273.4	9,180.8	972.4	10,153.2
Including goodwill	676.2	104.4	14.3	48.4	6.8	850.1	0.0	850.1
Segment liabilities	2,383.1	1,247.2	818.8	885.5	(247.8)	5,086.8	431.5	5,518.3
Cash flows from operating activities	85.4	122.1	18.5	15.3	31.7	273.0	1.9	274.9
Cash flows from investing activities	(486.7)	(131.0)	(89.4)	(97.5)	529.2	(275.4)	12.3	(263.1)
Cash flows from financing activities	544.8	26.4	75.7	81.6	(561.7)	166,.8	(12.5)	154.3
Capital expenditure	64.9	138.1	96.9	101.3	5.6	406.8	7.9	414.7
Average number of employees	741	765	1,119	1,073	45	3,743	249	3,992

Geographical - secondary segment - 2008

	Denmark	Rest of Europe	Rest of world	Continuing activities	Discontinuing activities	Group
Revenue	1,375.7	5,954.3	2,491.2	9,821.2	381.9	10,203.1
Segment assets	4,934.4	2,552.4	1,694.0	9,180.8	972.4	10,153.2
Capital expenditure	260.8	131.5	14.5	406.8	7.9	414.7

Joint ventures are recognised in Not allocated with the following amounts: Current assets DKK 32.2 million (2007: DKK 38.7 million), non-current assets DKK 22.7 million (2007: DKK 12.3 million), current liabilities DKK 39.4 million (2007: DKK 28.6 million), non-current liabilities DKK 0.2 million (2007: DKK 0.6 million), revenue DKK 47.2 million (2007: DKK 71.0 million) and expenses DKK 55.1 million (2007: DKK 74.4 million). Xergi A/S is the only joint venture company.

Activities - primary segment - 2007

	BioMar	Fibertex	Grene	Martin	Not allocated/ eliminations	Continuing activities	Discontinuing activities	Group
Revenue	3,676.6	1,591.3	1,625.4	1,172.7	84.3	8,150.3	497.5	8,647.8
Intra-group revenue	0.0	0.0	(1.3)	(0.1)	1.4	0.0	(228.8)	(228.8)
Net revenue	3,676.6	1,591.3	1,624.1	1,172.6	85.7	8,150.3	268.7	8,419.0
Gross profit	504.6	258.5	533.1	375.3	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	0.0	0.0	0.3	1.1	(4.4)	(3.0)	(5.0)	(8.0)
Profit for the year	43.8	18.4	97.1	55.8	1,448.6	1,663.7	19.5	1,683.2
Attributable to:								
Shareholders of Schouw & Co.	30.1	18.4	97.5	52.8	1,448.5	1,647.3	5.2	1,652.5
Minority interests	13.7	0.0	(0.4)	3.0	0.1	16.4	14.3	30.7
Segment assets	2,121.4	1,782.1	1,139.6	1,247.2	2,774.6	9,064.9	1,251.5	10,316.4
Including goodwill	140.4	104.4	14.3	236.5	6.9	502.5	0.0	502.5
Segment liabilities	1,111.0	1,181.3	705.4	772.2	303.5	4,073.4	601.5	4,674.9
Cash flows from operating activities	153.8	104.5	4.5	39.7	(21.1)	281.4	7.6	289.0
Cash flows from investing activities	(349.3)	(197.7)	(82.0)	(72.0)	(7.1)	(708.1)	13.6	(694.5)
Cash flows from financing activities	245.7	89.7	67.8	21.4	20.0	444.6	39.5	484.1
Capital expenditure	140.5	64.3	84.4	72.,8	7.3	369.3	51.8	421.1
Average number of employees	520	798	1,032	1,147	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

Notes to the consolidated financial statements

	2008	2007
NOTE 2 - Revenue		
Sale of goods	9,750.7	8,058.2
Sale of services	7.5	7.4
Royalty	0.5	-
Rental income	15.3	13.7
Market value of work in progress	47.2	71.0
	9,821.2	8,150.3
NOTE 3 - Costs		
Cost of sales		
Cost of sales for the year includes cost of goods sold of	(6,763.1)	(5,408.1)
Cost of sales for the year includes inventory impairments of	(59.8)	(16.5)
Cost of sales for the year includes reversed inventory impairments of	18.0	15.9
Staff costs		
Remuneration to the Board of Directors of Schouw & Co.	(2.2)	(2.0)
Wages and salaries	(1,060.5)	(997.6)
Defined contribution pension plans	(67.1)	(63.5)
Other social security costs	(66.9)	(60.0)
Share-based payment	(9.4)	(13.0)
Other staff costs	(14.5)	(21.6)
	(1,220.6)	(1,157.7)
Including staff costs capitalised and recognised in plant, machinery, inventories and development projects	17.7	43.0
	(1,202.9)	(1,114.7)

Staff costs include salaries and bonuses of DKK 6,9 million (2007: DKK 7.4 million), pension contributions of DKK 0.2 million (2007: DKK 0.2 million) and share-based payment of DKK 1.3 million (2007: DKK 1.2 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 18.6 million (2007: DKK 19.3 million), pension contributions of DKK 1.1 million (2007: DKK 1.0 million) and share-based payment of DKK 3.0 million (2007: DKK 3.5 million) to the registered executive managements of directly owned subsidiaries.

Severance payments of DKK 2.3 million were made to senior managers of the Schouw & Co. Group in 2008 (2007: DKK 4.2 million).

Staff costs are recognised as follows		
Production	(619.7)	(559.4)
Distribution	(385.4)	(378.4)
Administration	(197.8)	(176.9)
	(1,202.9)	(1,114.7)
Average number of employees	3,743	3,541
Share-based payment is recognised as follows:		
Production	(3.1)	(4.6)
Distribution	(1.2)	(2.2)
Administration	(5.1)	(6.2)
	(9.4)	(13.0)

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	Other	Total	Strike price	Fair value in DKK per option [1]	Fair value in total [1]
Granted in 2006 *	54,000	186,000	240,000	150,88	24.19	5.8
Granted in 2007 *	48,000	172,000	220,000	225,88	27.35	6.0
Outstanding options at January 1, 2008	102,000	358,000	460,000			
Exercised (from 2006 grant)	(54,000)	(186,000)	(240,000)			
Granted in 2008 *	36,000	164,000	200,000	224,85	37.83	7.6
Outstanding options at December 31, 2008	84,000	336,000	420,000			

(*) The number of options has been adjusted for the bonus share issue.
(1) At the date of grant.

Notes to the consolidated financial statements

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 240,000 options to buy shares in Schouw & Co. at a price of DKK 150.88 per share were excercised under the programme in 2008. The average market price on the excercise dates was DKK 195.11 per share.

In continuation of the share-based incentive programme, Schouw & Co. awarded, in March 2007, a total of 48,000 share options to members of the Management (two persons) and a total of 172,000 share options to other senior managers, including the executive management of subsidiaries (eleven persons.)The share options are excercisable 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 225,88 equal to the market price of the shares at the time of grant plus a 4% premium per annum."

In addition, Schouw & Co. awarded, in March 2008, another 36,000 share options to members of the Management (two persons) and a total of 164,000 share options to other senior managers, including the executive management of subsidiaries (thirteen persons). The share options are excercisable during a 24 month period following the release of Schouw & Co.'s full-year profit announcement for the 2009 financial year at a strike price of DKK 208 immediately after the publication, or at a price of DKK 225 at the end of the 24 month period, equal to the market price of the shares at the time of grant plus a 4% premium per annum.

If the optionholders have not excercised their share options within the period specified, the share options will lapse without any compensation to the holders. Excercise 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 date of acquiring the right, 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 average excercise price of outstanding share options was DKK 225.39 at December 31, 2008 (2007: DKK 187.53). 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 2007 grant and the 2008 grant are DKK 6.0 millions and DKK 7.6 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:

	2007 grant	2008 grant
Expected volatility	26.05%	29.47%
Expected term	24 mths.	48 mths.
Expected dividend per share	DKK 3	DKK 3
Risk-free interest rate	4.00%	4.00%

The expected volatility is calculated on the basis of 12 month historical volatility based on average prices.

Employee shares
In 2008, Schouw & Co. allocated 32.858 of its 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. The condition was met for the 2008 financial year and employees have obtained a right to receive shares at a value at the date of grant of DKK 3.9 million, which amount is expensed in the income statement for 2008. The shares are held in blocked accounts until the end of the seventh calendar year following grant.

All the above numbers have been adjusted for the bonus share issue made in April.

	2008	2007
Research and development costs		
Research and development costs expensed and development costs incurred are shown below:		
Research and development costs incurred	(105.7)	(92.8)
Development costs recognised under intangible assets	61.5	60.2
Amortisation and impairment losses on recognised development costs	(23.6)	(24.3)
Research and development costs for the year recognised in the income statement	(67.8)	(56.9)
Depreciation/amortisation and impairment		
Amortisation of intangible assets	(33.4)	(25.1)
Impairment of intangible assets	(213.1)	0.0
Depreciation of property, plant and equipment	(328.0)	(300.5)
Impairment of property, plant and equipment	(57.5)	0.0
	(632.0)	(325.6)
Depreciation/amortisation and impairment is recognised in the income statement as follows:		
Production	(357.8)	(276.4)
Distribution	(33.2)	(24.9)
Administration	(27.9)	(24.3)
Goodwill impairment	(213.1)	0.0
	(632.0)	(325.6)

Notes to the consolidated financial statements

	2008	2007
NOTE 4 - Fees to auditors appointed by the general meeting		
Audit fees, KPMG	5.1	4.1
Non-audit fees, KPMG	2.2	0.6
Fees for tax- and VAT-related services, KPMG	1.4	0.5
Fees for other services, KPMG	1.3	0.7
Total fee, KPMG	10.0	5.9
Audit fees, other accountants	1.8	2.5
Non-audit fees, other accountants	0.3	0.4
Fees for tax- and VAT-related services, other accountants	0.9	1.1
Fees for other services, other accountants	0.2	0.2
Total fees, other accountants	3.2	4.2
NOTE 5 - Other operating income and costs		
Gains on the disposal of property, plant and equipment and intangible assets	9.8	2.2
Government grants	22.6	4.0
Other operating income	1.0	11.4
Total other operating income	33.4	17.6
Losses on the disposal of property, plant and equipment and intangible assets	(1.2)	(2.3)
Total other operating costs	(1.2)	(2.3)

Fibertex has recognised an investment grant of DKK 21.7 million in 2008, related to the establishment of the factory in Malaysia as detailed in 'Management Report'. The grant is primarily conditional on a tax profit to be generated over the next years by Fibertex Malaysia, which is regarded as very likely to happen. Other grants are not subject to special conditions.

NOTE 6 - Equity investments in associates

Cost at January 1	70.2	219.6
Additions	5.0	0.0
Reclassified to discontinuing operations	0.0	(149.4)
Additions on acquisitions	40.0	0.0
Cost at December 31	115.2	70.2
Adjustments at January 1	(2.4)	69.3
Foreign exchange adjustments	(8.7)	1.9
Reclassified to discontinuing operations	0.0	(65.6)
Share of the profit for the year	4.0	(3.0)
Share of the profit for the year included in profit for the year from discontinuing operations	0.0	(5.0)
Adjustments at December 31	(7.1)	(2.4)
Carrying amount at December 31	108.1	67.8

2008

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	5.0	128.6	0.3	62.9	2.5
Martin Professional (HK) Ltd.	Hong Kong	46,20%	41.0	0.8	23.0	12.5	4.9	0.4
Beacon AB	Sweden	24,00%	9.0	0.7	2.3	1.4	0.2	0.2
Martin Professional Japan Ltd.	Japan	40,00%	29.6	0.8	16.1	8.4	3.0	0.3
Dansk Afgratningsteknik A/S	Skjern	30,00%	N/A	2.0	11.4	7.3	1.3	0.6
GFE Patent A/S	Langå	25,00%	0.0	0.0	27.0	7.0	5.0	0.0
Alitec Pargua S.A.	Chile	50,00%	636.3	0.0	273.2	211.5	30.8	0.0
							108.1	4.0

There is no recognised goodwill in associates

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)

There is no recognised goodwill in associates

(*) BioMar acquired additional shares in Sjøtroll Havbruk in 2007, bringing its total ownership interest in Sjøtroll Havbruk to 50.91%. Accordingly, Sjøtroll Havbruk is now a consolidated undertaking. As a sales process involving Sjøtroll Havbruk has been initiated, the undertaking has been reclassified under discontinuing operations. See ' Management's report' and note 32 to the financial statements.

Notes to the consolidated financial statements

NOTE 7 - Profit from divestment of equity investments

Martin divested the subsidiary Martin Security Smoke in 2008, recognising a profit before selling costs of DKK 21.7 million. The total amortised selling price was DKK 25.6 million. As part of the divestment, the company has received cash proceeds of DKK 15.0 million, and advanced a loan of DKK 10.3 million to the buyer of the company. Selling costs incurred in connection with the sale amounted to DKK 0.3 million. Schouw & Co. did not divest any equity investment in 2007.

	2008	2007
NOTE 8 - Financial income		
Interest income, etc.	38.9	28.5
Foreign exchange gains	9.3	2.3
Realised capital gains on securities	135.3	0.0
Unrealised capital gains on securities	0.4	1,467.6
	183.9	1,498.4
NOTE 9 - Financial expenses		
Interest expenses, etc.	(203.4)	(152.6)
Foreign exchange losses	(21.5)	(15.1)
Realised capital losses on securities	0.0	(0.1)
Unrealised capital losses on securities	(974.0)	(0.3)
	(1,198.9)	(168.1)
NOTE 10 - Tax on the profit for the year		
Tax for the year is composed as follows:		
Tax on the profit for the year	(38.3)	(102.4)
Tax on equity entries	(1.4)	0.2
	(39.7)	(102.2)
Tax on the profit for the year has been calculated as follows:		
Current tax	(22.3)	(39.3)
Deferred tax	(23.7)	(65.0)
Reduction of Danish corporate income tax from 28% to 25%	1.0	4.5
Adjustment of prior-year tax charge	6.7	(2.6)
	(38.3)	(102.4)
Specification of the tax on the profit for the year:		
Calculated 25% tax of the profit for the year	216.3	(441.5)
Adjustment of calculated tax in foreign subsidiaries relative to 25%	(1.8)	3.6
Reduction of corporate income tax rate	1.0	4.5
Tax effect of non-deductible amortisation and impairment of goodwill	(53.3)	0.5
Tax effect of non-deductible costs and non-taxable income	(197.3)	363.5
Tax effect of adjustment of prior-year tax charge	6.7	(2.6)
Tax effect of non-capitalised tax asset	(9.9)	(30.4)
	(38.3)	(102.4)
Effective tax rate	-4.4%	5.8%

Non-taxable income and non-deductible costs primarily concerns capital gains on Vestas shares.

NOTE 11 - Earnings per share (DKK)

Share of the profit for the year attributable to shareholders of Schouw & Co.	(898.9)	1,652.5
Of which profit for the year from continuing operations	(900.9)	1,647.3
Of which profit for the year from discontinuing operations	2.0	5.2
Average number of shares	27,046,885	12,470,000
Average number of treasury shares	(1,609,305)	(789,560)
Average number of outstanding shares	25,437,580	11,680,440
Average dilutive effect of outstanding share options *	0	48,113
Diluted average number of outstanding shares	25,437,580	11,728,553
Earnings per share in Danish kroner of DKK 10 **	(35.34)	70.74
Diluted earnings per share in Danish kroner of DKK 10 **	(35.34)	70.45
Earnings per share in Danish kroner of DKK 10 from continuing operations **	(35.42)	70.52
Diluted earnings per share in Danish kroner of DKK 10 from continuing operations **	(35.42)	70.23

* See note 3 for information on options that may cause dilution.

** Key ratios per share have been adjusted to reflect the issue of bonus shares.

Notes to the consolidated financial statements

NOTE 12 - **Intangible assets**

	Goodwill	Patents, licences and rights	Completed development projects	Development projects in progress	Total
Cost at January 1, 2008	504.6	4.8	144.3	50.7	704.4
Foreign exchange adjustment	(51.5)	(12.2)	(1.0)	(0.2)	(64.9)
Additions	0.0	10.0	0.0	61.5	71.5
Additions on company acquisitions	314.9	52.3	1.2	0.0	368.4
Additions on purchase of minority shares	303.6	-	-	-	303.6
Disposals	0.0	(1.7)	(6.4)	(1.1)	(9.2)
Disposals on company divestment	(6.3)	(0.8)	(0.3)	0.0	(7.4)
Transferred/reclassified	0.0	28.9	51.0	(79.9)	0.0
Cost at December 31, 2008	1,065.3	81.3	188.8	31.0	1,366.4
Amortisation and impairment at January 1, 2008	(2.1)	(3.8)	(88.7)	(1.0)	(95.6)
Foreign exchange adjustment	0.0	1.8	0.5	0.0	2.3
Impairment	(213.1)	0.0	0.0	0.0	(213.1)
Amortisation	0.0	(9.8)	(23.6)	0.0	(33.4)
Amortisation of disposed assets	0.0	2.0	6.3	1.0	9.3
Transferred/reclassified	0.0	(24.0)	24.0	0.0	0.0
Amortisation and impairment at December 31, 2008	(215.2)	(33.8)	(81.5)	0.0	(330.5)
Carrying amount at December 31, 2008	850.1	47.5	107.3	31.0	1,035.9
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)
Impairment	0.0	0.0	0.0	0.0	0.0
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
Amortised over		3-15 years	3-7 years		

Goodwill
At December 31, 2008, Schouw & Co. had recognised goodwill of DKK 850.1 million under continued activities. This is an increase of DKK 347.6 milion compared to last year, which is attributable to BioMar's acquisition of Provimi's fish feed operations (DKK 297.6 million), Martin's acquisition of R&D International NV (DKK 17.4 million), Martin´s acquisition of the minority share in Martin Germany (DKK 13.9 million) and Schouw & Co´s acquisition of the minority interest in BioMar Holding (DKK 289.7 million). Since a part of the goodwill is in foreign subsidaries, falling exchange rates have had a negative impact of DKK 51.6 million. The sale of Martin Security Smoke resulted in disposal of DKK 6.3 million. Finally impairment in Martin Professional resulted in a DKK 213.1 million loss. The total goodwill of DKK 850.1 million recognised in continuing operations is distributed on: Martin Professional (DKK 48.4 million), Fibertex (DKK 104.4 million), Grene (DKK 14.3 million), BioMar (676.2) and Xergi (DKK 6.8 million).

The management of Schouw & Co. has tested the value in use of the carrying amounts against goodwill relating to the above Group companies. In the test performed, the executive management of each company was asked to indicate the expected free cash flows for the budget period. The current economic downturn is expected to have a negative impact on several of the companies' earnings in the short term (12-24 months), but the long term expectations are unchanged. As a result, the budget period has been extended from five to six years. The free cash flow after tax has been applied to a discounted 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 8.7% to 9.6%. 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%, 80% and 70%, respectively, of its forecast cash flow, combined with alternative, higher WACC values (of +0.5 and + 1.0 percentage point).

Martin is particularly sensitive to economic trends and is expected to record a substantial loss for 2009. See Management's report. Although the company's long-term potential remains substantial, the impairment test indicated that the value of the company cannot be maintained under the current market conditions. Accordingly, a DKK 213.1 million write-down has been made. The impairment test in Martin was conducted on the basis of a level of activity at the end of the budget period in line with the level achieved at the end of 2007 and an EBIT margin of 8. The required rate of return was set at 9.6% before tax.

Development projects
Schouw & Co. recognised development costs of DKK 138.3 million and DKK 47.5 million in patents, licenses and other rights at December 31, 2008. An impairment test was performed in 2008 on the carrying amount of completed development projects and of development projects in progress. The test revealed no impairment, because the recoverable amount is greater than the carrying amount. Estimated recoverable amounts are based on calculations determined through the application of projected cash flows on the basis of expectations for 2009-2012 as approved by management.

Notes to the consolidated financial statements

NOTE 13 - **Property, plant and equipment**

	2008					
	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures, tools and equipment	Assets under construction	Total
Cost at January 1, 2008	1,421.2	21.0	2,250.8	314.9	76.4	4,084.3
Foreign exchange adjustment	(58.1)	(2.0)	(121.3)	(11.9)	(0.4)	(193.7)
Additions on company acquisitions	56.0	0.0	102.0	13.8	1.7	173.5
Additions	42.1	2.9	72.8	35.5	181.9	335.2
Disposals	(3.2)	(0.1)	(28.3)	(30.1)	0.0	(61.7)
Disposals on company divestment	0.0	(0.1)	0.0	(1.5)	0.0	(1.6)
Transferred/reclassified	52.1	4.9	114.0	17.8	(188.8)	0.0
Cost at December 31, 2008	1,510.1	26.6	2,390.0	338.5	70.8	4,336.0
Depreciation and impairment at January 1, 2008	(266.4)	(15.3)	(1,020.4)	(217.7)	0.0	(1,519.8)
Foreign exchange adjustment	22.8	2.0	83.7	8.4	0.0	116.9
Transferred/reclassified	0.4	(0.3)	0.1	(0.2)	0.0	0.0
Depreciation of disposed assets	1.3	0.1	27.4	24.7	0.0	53.5
Impairment	(21.5)	0.0	(32.8)	(3.2)	0.0	(57.5)
Disposals on company divestment	0.0	0.1	0.0	1.6	0.0	1.7
Depreciation	(53.1)	(2.3)	(232.0)	(40.6)	0.0	(328.0)
Depreciation and impairment at December 31, 2008	(316.5)	(15.7)	(1,174.0)	(227.0)	0.0	(1,733.2)
Carrying amount at December 31, 2008	1,193.6	10.9	1,216.0	111.5	70.8	2,602.8
Of which assets held under finance lease	0.0	0.0	7.6	3.2	0.0	10.8
Interest recognised during period	1.1	0.0	2.0	0.0	0.0	3.1
Depreciated over	10-50 years	5-10 years	3-12 years	1-8 years		

	2007					
	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures, tools and equipment	Assets under construction	Total
Cost at January 1, 2007	1,338.4	20.6	2,040.2	282.6	149.7	3,831.5
Foreign exchange adjustment	(0.7)	(1.2)	(14.7)	(0.4)	0.6	(16.4)
Additions on company acquisitions	8.0	0.0	0.2	0.2	0.1	8.5
Additions	43.3	1.3	187.1	40.0	37.1	308.8
Disposals	(6.8)	(2.3)	(12.7)	(23.6)	0.0	(45.4)
Transferred/reclassified	39.0	2.6	50.7	16.1	(111.1)	(2.7)
Cost at December 31, 2007	1,421.2	21.0	2,250.8	314.9	76.4	4,084.3
Depreciation and impairment at January 1, 2007	(218.1)	(15.1)	(820.9)	(204.8)	0.0	(1,258.9)
Foreign exchange adjustment	(2.1)	1.0	4.6	0.7	0.0	4.2
Transferred/reclassified	1.5	(0.6)	0.0	0.0	0.0	0.9
Depreciation of disposed assets	0.9	2.0	11.3	20.3	0.0	34.5
Impairment	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	(48.6)	(2.6)	(215.4)	(33.9)	0.0	(300.5)
Depreciation and impairment at December 31, 2007	(266.4)	(15.3)	(1,020.4)	(217.7)	0.0	(1,519.8)
Carrying amount at December 31, 2007	1,154.8	5.7	1,230.4	97.2	76.4	2,564.5
Of which assets held under finance lease	0.0	0.0	9.7	4.0	0.0	13.7
Interest recognised during period	1.0	0.0	0.0	0.0	2.2	3.2
Depreciated over	10-50 years	5-10 years	3-12 years	1-8 years		

Land and buildings include assets classified as investment properties. See note 10 to the parent company financial statements.

In 2008, the Group entered into contracts for the purchase of property, plant and equipment for delivery in 2009 for an amount of DKK 34.4 million.

A write-down to fair value on property, plant and equipment of DKK 57.5 million was recognised in 2008, primarily related to BioMar's restructuring and the shutdown of production in Dana Feed and Rancagua.

During the year, the Group capitalised interest of DKK 3.1 million (2007: DKK 3.2 million) in respect of the year's additions in building projects. The amount corresponds to a rate of interest of 5.0% 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

NOTE 14 - **Securities**

	2008	2007
Shares in Vestas Wind Systems A/S	1,217.7	2,624.9
Other securities	30.4	89.2
	1,248.1	2,714.1

At December 31, 2008, the company held 4,000,000 shares in Vestas Wind Systems recognised at a price of DKK 304.43 (2007: DKK 546.85) per share. At DKK 1,217.7 million the fair value of the holding corresponded to the market price at December 31, 2008. A total of 800,000 shares in Vestas Wind Systems were sold in 2008, producing proceeds of DKK 535.7 million. The shares have an original acquisition cost of DKK 313.4 million. Management continually monitors the fair value of the holding. The holding is measured at fair value and value adjustments are recognised in the income statement as financial income or a financial expense. Other securities are classified as available for sale.

	Current assets		Non current assets	
	2008	2007	2008	2007
Securities measured at fair value				
Cost at January 1	12.6	0.0	408.7	389.4
Reclassification	0.0	12.6	1.0	(10.4)
Foreign exchange adjustment	(1.1)	0.0	(7.5)	0.4
Additions	0.0	0.0	1.5	32.2
Disposals	(4.9)	0.0	(59.4)	(2.9)
Cost at December 31	6.6	12.6	344.3	408.7
Adjustments at January 1	33.2	0.0	2,259.6	788.1
Reclassification	0.0	(4.9)	(1.0)	4.9
Foreign exchange adjustment	1.7	(0.1)	0.4	0.0
Disposals on divestment	(37.1)	0.0	(483.7)	0.0
Adjustments recognised in the income statement	33.8	0.7	(872.2)	1,466.6
Adjustments recognised in the equity	(37.5)	37.5	0.0	0.0
Adjustments at December 31	(5.9)	33.2	903.1	2,259.6
Carrying amount at December 31	0.7	45.8	1,247.4	2,668.3

NOTE 15 - **Inventories**

	2008	2007
Raw materials and consumables	523.2	477.2
Work in progress	52.0	61.7
Finished goods and goods for resale	971.6	876.2
	1,546.8	1,415.1
Cost of inventories for which impairment losses have been recognised	230.8	179.9
Accumulated impairment losses on inventories	(94.3)	(77.8)
Net sales value	136.5	102.1

Notes to the consolidated financial statements

NOTE 16 - **Receivables**

	2008	2007
Receivables - non current	112.9	24.4
Trade receivables	1,957.0	1,290.8
Other current receivables	94.8	89.7
	2,164.7	1,404.9

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.

Included in non-current assets is a recognised investment grant with a present value of DKK 79.8 million. The amount is expected to be received in 2011-2018 concurrently with a taxable profit being recognised in Fibertex Malaysia.

Impairment losses on trade receivables

Impairment losses at January 1	(98.2)	(109.2)
Additions on company accquisitions	(21.5)	0.0
Reversed impairment losses	25.9	14.2
Impairment losses for the year	(36.6)	(4.3)
Realised loss	2.8	1.1
Impairment losses at December 31	(127.6)	(98.2)

Trade receivables

		Due between			
2008	**not due**	**1-30 days**	**31-90 days**	**>91 days**	**Total**
Trade receivables not considered to be impaired	1,456.1	230.0	88.7	86.0	1,860.8
Trade receivables individualy assessed to be impaired	32.3	62.8	26.9	101.8	223.8
Impairment losses on trade receivables	(18.2)	(10.5)	(10.0)	(88.9)	(127.6)
Trade receivables net - 2008	1,470.2	282.3	105.6	98.9	1,957.0
Proportion of the total receivables which is expected to be settled					93.9%
Impairment percentage (of impaired receivables)	56.3%	16.7%	37.2%	87.3%	57.0%

		Due between			
2007	**not due**	**1-30 days**	**31-90 days**	**>91 days**	**Total**
Trade receivables not considered to be impaired	916.4	134.4	47.6	43.7	1,142.1
Trade receivables individualy assessed to be impaired	82.1	36.5	49.3	79.0	246.9
Impairment losses on trade receivables	-	(1.0)	(21.7)	(75.5)	(98.2)
Trade receivables net - 2007	998.5	169.9	75.2	47.2	1,290.8
Proportion of the total receivables which is expected to be settled					92.9%
Impairment percentage (of impaired receivables)	0.0%	2.7%	44.0%	95.6%	39.8%

Generally, about 10.7% (2007: 17.8%) of the receivables are impaired to some extent at the balance sheet date. Of impaired receivables, the group has depreciated the amount receivable by around 57% in 2008. There is a constant focus on follow-up on overdue debtors.

In respect of trade receivables, customers have provided collateral in the amount of DKK 226.0 million (2007: DKK 118.2 million). Most of the DKK 226.0 million collateral provided relates to BioMar. The collateral provided consists mainly of assets such as fish stocks and fish farming equipment.

	2008	2007
Collateral breakdowns as shown below:		
Collateral on receivables not due for payment.	67.1	14.0
Collateral on receivables due for payment which have not been individually impaired.	70.3	18.0
Collateral on receivables due for payment which have been individually impaired.	88.6	86.2

NOTE 17 - **Construction contracts**

Sales value of construction contracts	63,0	56,3
Invoiced on account	(70,1)	(62,2)
	(7,1)	(5,9)
Construction contracts (assets)	2.6	0.7
Construction contracts (liabilities)	(9.7)	(6.6)
	(7.1)	(5.9)

Notes to the consolidated financial statements

NOTE 18 - **Equity**

Share capital

The share capital consists of 28,000,000 shares with a nominal value of DKK 10 each. All shares rank equally.

In April share capital was increased by 12,470,000 shares in connection with a bonus share issue and by 3,060,000 shares in connection with the merger of BioMar Holding A/S and Schouw & Co.

Treasury shares

	Number of shares		Nominal value		Cost		Percentage of share capital	
	2008	2007	2008	2007	2008	2007	2008	2007
January 1	928,734	777,926	9,287,340	7,779,260	216.2	119.7	7.45%	6.24%
Bought	544,907	251,630	5,449,070	2,516,300	80.6	115.3	1.25%	2.02%
Group employee share scheme	(16,429)	(4,822)	(164,290)	(48,220)	(2.2)	(0.8)	-0.13%	-0.04%
Share option programme	(120,000)	(96,000)	(1,200,000)	(960,000)	(15.0)	(18.0)	-0.96%	-0.77%
Bonus shares	792,345	0	7,923,450	0	0.0	0.0	0.00%	0.00%
Merger with BioMar Holding A/S	(369,048)	0	(3,690,480)	0	(19.6)	0.0	-1.32%	0.00%
December 31	1,760,509	928,734	17,605,090	9,287,340	260.0	216.2	6.29%	7.45%

In 2008 Schouw & Co. sold treasury shares worth DKK 36.2 million in settlement of the Group's share option programme.

Costs incurred in 2008 in connection with the capital increase and a bonus share issue in Schouw & Co. amounted to DKK 1.1 million. The amount was charged directly against equity.

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 2,800,000 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.

The Group's holding of treasury shares had a market value of DKK 134.2 million at December 31, 2008 (2007: DKK 409.9 million)

	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, 2007	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
Changes in equity 2008									
Total recognised comprehensive income	0.0	4.4	(174.2)	(25.8)	(983.3)	84.0	(1,094.9)	(71.4)	(1,166.3)
Share-based payment	0.0	0.0	0.0	0.0	9.7	0.0	9.7	0.0	9.7
Dividend distributed	0.0	0.0	0.0	0.0	4.8	(74.8)	(70.0)	(15.3)	(85.3)
Bonus shares	124.7	0.0	0.0	0.0	(124.7)	0.0	0.0	0.0	0.0
Capital increase	30.6	0.0	0.0	0.0	611.3	0.0	641.9	0.0	641.9
Addition/disposal of minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(362.2)	(362.2)
Treasury shares bought / sold	0.0	0.0	0.0	0.0	(44.4)	0.0	(44.4)	0.0	(44.4)
Changes in equity 2008	155.3	4.4	(174.2)	(25.8)	(526.6)	9.2	(557.7)	(448.9)	(1,006.6)
Equity at December 31, 2008	280.0	(1.2)	(181.9)	0.0	4,223.8	84.0	4,414.7	220.2	4,634.9

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

NOTE 19 - **Deferred tax**

	2008	2007
Deferred tax at January 1	115.7	52.7
Foreign exchange adjustment	(2.9)	1.1
Deferred tax adjustment at January 1	(0.6)	0.6
Deferred tax for the year recognised in profit for the year	23.7	65.0
Effect of lowering of Danish corporate income tax from 28% to 25%	(1.0)	(4.5)
Deferred tax for the year recognised in equity	4.9	(0.2)
Addition on acquisition of subsidiary	5.4	1.0
Disposal on the sale of equity investments	(0.8)	0.0
Net deferred tax at December 31	144.4	115.7
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	(48.5)	(33.2)
Deferred tax (liability)	192.9	148.9
Net deferred tax at December 31	144.4	115.7
Deferred tax pertains to:		
Intangible assets	18.9	19.3
Property, plant and equipment	172.1	103.7
Current assets	(11.2)	(10.6)
Equity	0.6	0.1
Provisions	(3.3)	(3.9)
Other liabilities	(3.6)	(8.1)
Recaptured losses	27.8	35.6
Tax loss carry-forwards	(56.9)	(20.4)
	144.4	115.7

Tax assets in BioMar of DKK 31.4 million (2007 DKK 16.3 million), Martin of DKK 8.2 million (2007 DKK 11.2 million), Xergi of DKK 6.6 million (2007 DKK 4.3 million) and Grene of DKK 2.3 million (2007: DKK 1.4 million) respectively, have been capitalised. Taxable profit is expected to absorb the tax asset.

There are no deferred tax liabilities that have not been recognised in the balance sheet. Tax assets with a total value of DKK 61.9 million have not been recognised, because it is considered unlikely that they will be realised.

Changes in temporary differences during the year

	2008						
	Balance at Jan. 1	Foreign exchange adjustment	Additions on acquisition	Disposals on acquisition	Recognised in profit for the year	Recognised in equity	Balance at Dec. 31
Intangible assets	19.3	(1.7)	9.9	(1.0)	(7.6)	0.0	18.9
Property, plant and equipment	103.7	(2.1)	17.3	0.2	53.0	0.0	172.1
Receivables	(4.6)	0.0	0.0	0.0	0.4	0.0	(4.2)
Inventories	1.3	(4.0)	(0.4)	0.0	(0.2)	0.0	(3.3)
Other current assets	(7.3)	0.4	(0.1)	0.0	3.3	0.0	(3.7)
Equity	0.1	0.0	0.0	0.0	0.0	0.5	0.6
Provisions	(3.9)	0.0	0.0	0.0	0.6	0.0	(3.3)
Other liabilities	(8.1)	0.3	0.4	0.0	(0.6)	4.4	(3.6)
Recaptured losses	35.6	0.0	0.0	0.0	(7.8)	0.0	27.8
Tax losses	(20.4)	4.2	(21.7)	0.0	(19.0)	0.0	(56.9)
	115.7	(2.9)	5.4	(0.8)	22.1	4.9	144.4

	2007						
	Balance at Jan. 1	Foreign exchange adjustment	Additions on acquisition	Disposals on acquisition	Recognised in profit for the year	Recognised in equity	Balance at Dec. 31
Intangible assets	7.5	0.5	0.0	0.0	11.3	0.0	19.3
Property, plant and equipment	117.8	(0.1)	0.7	0.0	(14.7)	0.0	103.7
Receivables	(6.6)	0.1	0.0	0.0	1.9	0.0	(4.6)
Inventories	(0.7)	0.3	0.0	0.0	1.7	0.0	1.3
Other current assets	(13.0)	0.2	0.0	0.0	5.5	0.0	(7.3)
Equity	(0.2)	0.0	0.0	0.0	(0.9)	1.2	0.1
Provisions	(19.6)	0.0	0.0	0.0	15.7	0.0	(3.9)
Other liabilities	(10.7)	0.0	0.3	0.0	3.7	(1.4)	(8.1)
Recaptured losses	35.6	0.0	0.0	0.0	0.0	0.0	35.6
Tax losses	(57.4)	0.1	0.0	0.0	36.9	0.0	(20.4)
	52.7	1.1	1.0	0.0	61.1	(0.2)	115.7

Notes to the consolidated financial statements

NOTE 20 - **Pensions and similar liabilities**

It is Group policy to fund all pension liabilities and predominantly to avoid defined benefit plans. The acquisition of the majority holding in BioMar Holding A/S at December 31, 2005 included defined benefit obligations, which were included in the consolidated balance sheet of Schouw & Co. at December 31, 2005, and which effective from April 16, 2008 were included in the balance sheet of the parent company Schouw & Co.

	2008	2007
Changes in recognised liability:		
Net liability at January 1	(21.6)	(47.9)
Paid in	(4.9)	0.0
Paid out	0.4	26.3
Net liability at December 31	(26.1)	(21.6)

The pension obligation was calculated at DKK 26.1 million at December 31, 2008. The entire amount relates to Schouw & Co.'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 negative direction.

The liability was increased in 2008, due to the payment of DKK 4.9 million to Schouw & Co. by the salaried employees' fund of the former KFK. The amount related to the funding of the supplementary pensions that Schouw & Co. (previously BioMar Holding) had committed to provide to employees who retired or went on early retirement after September 30, 2002. The funding of supplementary pensions was to be paid by the salaried employees' fund, but it was agreed that, to the extent that the fund did not have sufficient capital, Schouw & Co. (BioMar Holding) would fund the balance. Since the capital of the salaried employees' fund was tied-up at the time the funding was agreed, BioMar Holding paid the amount of DKK 4.9 million payable by the salaried employees' fund plus a further DKK 4 million, to the effect that a total of DKK 8.9 million was paid in respect of the funding. Subsequently, the salaried employees' fund has been authorized by the Danish Civil Affairs Agency to apply the tied-up capital for the funding and the amount payable was paid to Schouw & Co.

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.

NOTE 21 - **Provisions**

January 1	36.4	26.2
Used during the year	(14.7)	(9.8)
Reversed during the year	(9.9)	(1.7)
Provisions made for the year	10.3	21.7
At December 31	22.1	36.4
Expected to fall due within:		
Current	8.9	22.4
Non-current	13.2	14.0
At December 31	22.1	36.4

Provisions made comprise warranty commitments. 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.

Notes to the consolidated financial statements

	2008	2007
NOTE 22 - Interest bearing debt		
Debt recognised in the balance sheet:		
Credit institutions (non-current)	1,872.5	1,267.6
Other liabilities (non-current)	8.3	0.0
Current portion of non-current liabilities	268.7	181.7
Credit institutions (current)	1,223.9	1,419.1
	3,373.4	2,868.4
Fair value of the interest bearing debt	3,374.1	2,868.7

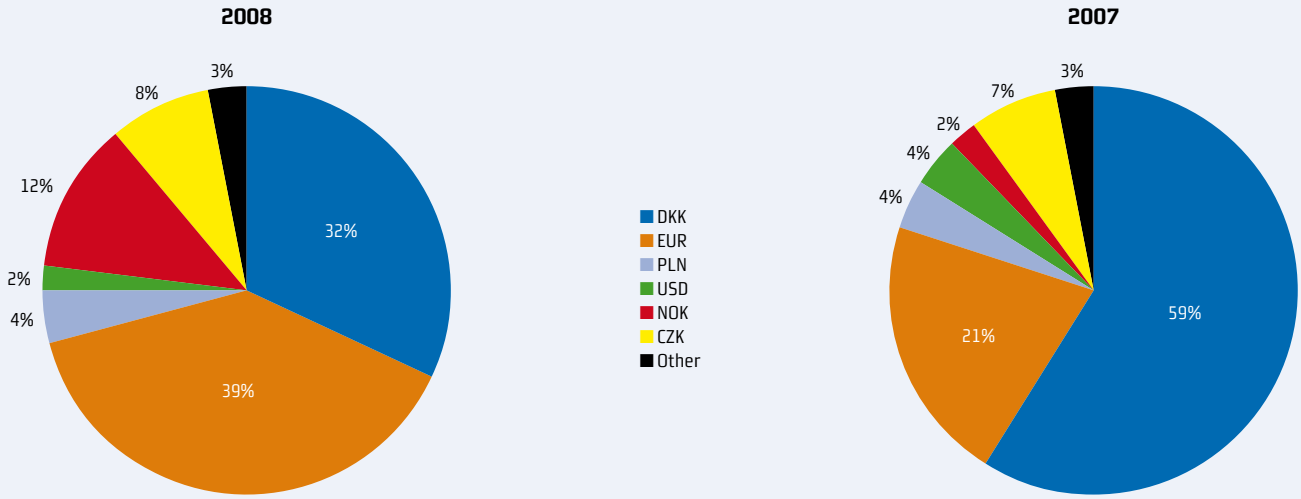
	Payment		Rate of interest		Carrying amount	
	2008	2007	2008	2007	2008	2007
Interest bearing debt maturity profile						
Overdraft facilities without planned repayment	1,423.9	1,419.1	-	-	1,423.9	1,419.1
Less than 1 year	361.5	219.6	92.8	37.9	268.7	181.7
1-5 years	1,545.4	1,052.9	240.5	183.6	1,304.9	869.3
More than 5 years	482.3	517.6	106.4	119.3	375.9	398.3
	3,813.1	3,209.2	439.7	340.8	3,373.4	2,868.4

In the above, the interest rate on variable rate debt is fixed as the spot rate.

The above maturity profile contains part of long-term irrevocable credit lines with DKK 200 million at bank overdrafts without scheduled repayments. See note 33 on liquidity risk.

Weighted average effective rate of interest of the year was 5.7% (2007: 5.0%)
Weighted average effective rate of interest on the balance sheet date was 5.5% (2007: 5.3%)

Percentage breakdowns of total debt by currency



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

	Payment		Rate of interest		Carrying amount	
	2008	2007	2008	2007	2008	2007
Expire in						
0-1 year	3.0	3.9	0.4	0.4	2.6	3.5
1-5 years	8.5	8.0	0.7	0.4	7.8	7.6
> 5 years	0.0	2.3	0.0	0.0	0.0	2.3
	11.5	14.2	1.1	0.8	10.4	13.4

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.

Notes to the consolidated financial statements

NOTE 22 - **Interest bearing debt (continued)**

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.

	2008			2007		
	Fixed rate debt	Floating rate debt	Total	Fixed rate debt	Floating rate debt	Total
Interest bearing debt	290.7	3,082.7	3,373.4	231.0	2,637.4	2,868.4
Hedging using interest rate swap/cap, etc.	367.6	(367.6)	-	243.1	(243.1)	-
Net exposure	658.3	2,715.1	3,373.4	474.1	2,394.3	2,868.4
Share in per cent	19.5%	80.5%		16.5%	83.5%	

Included in fixed-rate debt are items that are not interest reset within the next 12 months.

If interest rates rise by 1%, the annual interest expense would increase by about DKK 20 million after tax (2007: DKK 18 million.). The effect on equity by an increase in the rate of 1% is estimated to have an increase in levels DKK 10 to 15 million.

NOTE 23 - **Other liabilities**

	2008	2007
Deposits (non-interest bearing)	3.3	3.3
Corporate bond (interest bearing)	8.3	0.0
	11.6	3.3

At the end of 2008, Schouw & Co. issued a corporate bond as part of establishing an employee bond programme. The bond was issued on December 31, 2008 and expires on December 31, 2013, at which time it will be repaid in cash. The bond has a coupon of 4.5% per annum.

NOTE 24 - **Trade payables and other payables**

Trade payables	1,084.8	684.2
Customer prepayments	0.9	1.2
Other payables	312.8	272.6
	1,398.5	958.0

NOTE 25 - **Income tax**

Net income tax payable at January 1	12.2	53.9
Exchange adjustments at January 1	(0.3)	0.6
Current tax for the year including jointly-taxed subsidiaries	22.3	39.3
Prior-year adjustments	(6.5)	0.9
Tax payable recognised in equity	(3.5)	0.0
Additions on acquisitions	(1.8)	0.0
Corporate income tax paid during the year	(30.5)	(82.6)
Net income tax payable at December 31	(8.1)	12.1
Which is distributed as follows:		
Income tax receivable	(20.8)	(11.5)
Income tax payable	12.7	23.6
	(8.1)	12.1

NOTE 26 - **Contingent liabilities and guarantees**

Contingent liabilities
Guarantee for debt owed to banks and credit institutions was DKK 24.9 million (2007: DKK 0.0 million).

The Schouw & Co. Group is currently a party to a small number of legal disputes. Management believes that the results of these legal disputes 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, 2008.

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

Land and buildings with a carrying amount of	813.4	821.5
Plant and machinery with a carrying amount of	617.1	786.8
Current assets	184.8	173.0
Other guarantees	17.0	34.4

Notes to the consolidated financial statements

	2008	2007
NOTE 27 - Changes in working capital		
Change in inventories	(95.8)	(206.2)
Change in receivables	(539.5)	(31.2)
Change in trade payables and other payables	330.3	(19.7)
	(305.0)	(257.1)
NOTE 28 - Adjustment for non-cash transactions		
Purchase of intangible assets, see note 12	71.5	60.5
Of which had not been paid at the balance sheet date/adjustment for the year	(0.1)	0.2
Amount paid in relation to intangible assets	71.4	60.7
Purchase of property, plant and equipment, see note 13	335.2	308.8
Of which had not been paid at the balance sheet date/adjustment for the year	(6.8)	(2.5)
Of which assets held under finance leases	0.0	(0.4)
Amount paid in relation to purchase of property, plant and equipment	328.4	305.9
Incurring financial liabilities	856.0	354.1
Of which lease debt	0.0	(1.6)
Proceeds from incurring financial liabilities	856.0	352.5

NOTE 29 - Acquisition of subsidiaries and business activities

	2008			2007		
	Fair value at time of acquisition	Identified value revisions	Carrying amount prior to acquisition	Fair value at time of acquisition	Identified value revisions	Carrying amount prior to acquisition
Intangible assets	53.5	53.5	0.0	0.0	0.0	0.0
Property, plant and equipment	173.5	41.2	132.3	8.5	5.9	2.6
Financial assets	40.4	0.0	40.4	0.0	0.0	0.0
Inventories	72.1	1.5	70.6	4.3	0.0	4.3
Receivables	266.2	0.0	266.2	0.7	0.0	0.7
Tax asset	9.2	(9.2)	18.4	0.0	0.0	0.0
Cash and cash equivalents	15.9	0.0	15.9	1.1	0.0	1.1
Credit institutions	(233.2)	0.0	(233.2)	0.0	0.0	0.0
Deferred tax	(14.6)	(12.2)	(2.4)	(1.0)	(1.0)	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Trade payables	(106.8)	0.0	(106.8)	(2.7)	0.0	(2.7)
Other liabilities	(84.2)	(0.6)	(83.6)	(0.5)	0.0	(0.5)
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Net assets acquired	192.0	74.2	117.8	10.4	4.9	5.5
Of which minority interests	0.0			0.0		
Goodwill	314.9			0.0		
Negative goodwill (badwill)	0.0			(2.7)		
Cost	506.9			7.7		
Of which cash and cash equivalents	(15.9)			(1.1)		
Cost of continuing operations	491.0			6.6		
Share of cost not yet paid	(12.5)			0.0		
Company acquisition - transferred to discontinuing operations	0.0			181.0		
Cash cost total	478.5			187.6		

2008

Effective February 1, 2008, BioMar acquired Provimi's fish feed operations in Chile, Denmark and Spain. In connection with the acquisition, BioMar revalued assets and liabilities for a total of DKK 73.6 million. The total cash acquisition price for Provimi's fish feed operations was DKK 472.8 million, of which transaction costs related to the acquisition amounted to DKK 6.5 million.

Overall, the profit from the acquired businesses is believed to have met expectations. It is not possible to prepare an exact separate statement, because some of the acquired operations have already been integrated with BioMar's existing activities. Had BioMar acquired the company on January 1, 2008, the consolidated revenue of the Schouw & Co. Group would have been DKK 9,906,1 million (DKK +84.9 million) and profit before tax would have been DKK -871.4 million (DKK -6.2 million).

In the second quarter of 2008, Martin acquired R&D International NV, a Belgian company specialising in the research and development of hardware and software for the lighting industry. In connection with the acquisition, Martin revalued assets and liabilities for a total of DKK 0.8 million.

In the fourth quarter of 2008, Martin acquired the remaining 49% of the shares in Martin Germany at a total amortised price of DKK 22.8 million, of which DKK 8.9 million was paid in cash. Goodwill of DKK 13.9 million was capitalised on the acquisition.

Finally, Schouw & Co. has acquired the minority interest in BioMar Holding A/S in 2008, see 'Management's report'. On the merger of Schouw & Co. and BioMar Holding A/S, goodwill of DKK 289.7 million was recognised. Since BioMar Holding A/S was already fully consolidated prior to the merger, no further assets and liabilities relating to the merger of Schouw & Co. and BioMar Holding A/S are identified in the above table.

Notes to the consolidated financial statements

NOTE 29 - **Acquisition of subsidiaries and business activities (continued)**

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 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 is for sale and, accordingly, the company is classified as an asset held for sale.

NOTE 30 - **Divestment of subsidiaries and activities**

	2008	2007
Carrying amount at the time of divestment of:		
Intangible assets	6.8	0.0
Property, plant and equipment	0.0	0.0
Financial assets	0.0	0.0
Inventories	0.8	0.0
Receivables	4.8	0.0
Tax asset	0.0	0.0
Cash and cash equivalents	0.8	0.0
Credit institutions	0.0	0.0
Deferred tax	(0.9)	0.0
Trade payables	(2.1)	0.0
Other liabilities	(6.3)	0.0
Contingent liabilities	0.0	0.0
Net assets sold	3.9	0.0
Disposal of goodwill regarding divested companies	0.0	0.0
Gain / loss from divestment of equity investments before cost of sale	21.7	0.0
Selling price	25.6	0.0
Cost of selling	(0.3)	0.0
Loan advanced to buyer	(10.3)	0.0
Of which cash and cash equivalents	(0.8)	0.0
Cash selling price	14.2	0.0

The Group divested Martin Security Smoke in 2008

NOTE 31 - **Cash and cash equivalents**

Cash and cash equivalents at December 31 comprise:		
Securities with a maturity of less than three months	0.0	0.0
Cash	377.0	227.1
Cash classified as assets held for sale	6.9	5.1
	383.9	232.2

NOTE 32 - **Discontinuing operations and assets held for sale**

Earnings per share from discontinuing operations (DKK) *	0.08	0.22
Diluted earnings per share from discontinuing operations (DKK) *	0.08	0.23

* Key ratios per share have been adjusted to reflect the issue of bonus shares.

Discontinuing operations in the Schouw & Co. Group consist of the activities in Sjøtroll Havbruk. The BioMar Group took over more shares of Sjøtroll Havbruk from March 31, 2007, after which BioMar owns 50.91% of the total number of shares in Sjøtroll Havbruk. Accordingly, Sjøtroll Havbruk has been consolidated in the Group. In connection with the consolidation, the company announced that Sjøtroll Havbruk was for sale. The activities of Sjøtroll Havbruk have been valued at the lower of book value and the fair value less expected costs to sell.

Notes to the consolidated financial statements

NOTE 33 - **Financial risks**

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. In addition, the Group is exposed to fluctuations in the price of Vestas shares. 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.

Currency risk
The Group's foreign operations are influenced considerably by exchange rate fluctuations, since both income and expenses 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 Group has a number of investments in foreign subsidiaries, for which the translation of equity into Danish kroner is subject to currency risk. Fibertex, a.s. in the Czech Republic has raised a loan to hedge the net investment. The other companies have generally not hedged their net investment.

The Group's currency risk is primarily hedged as a result of income and expenses in the same currency, by using derivatives. Hedging is mainly achieved by forward exchange contracts and currency options. Likely change in the exchange rate is based on the historical fluctuations in exchange rates during the last three years.

Set out in the table below is the Group's overall exchange risk at December 31, determined by aggregating the gross currency risks of the individual Group companies. Currency risk occurs when a financial instrument denominated in a currency differs to each Group company's functional currency.

The Group's foreign exchange risk recognised in the balance sheet at December 31, 2008

	Net position before hedging	Hedged by financial instruments [1]	Net position after hedging	Likely change in exchange rate [2]	Effect on profit for the year [3]
Currency					
EUR/DKK	(884.3)	0.0	(884.3)	0%	0.0
MYR/DKK	0.0	22.5	22.5	10%	2.3
NOK/DKK	(2.2)	(24.3)	(26.5)	10%	(2.7)
USD/DKK	105.9	(8.7)	97.2	10%	9.7
CLP/DKK	(11.2)	(60.7)	(71.9)	10%	(7.2)
Other/DKK	38.3	(6.8)	31.5	10%	3.2
	(753.5)	(78.0)	(831.5)		5.3

The Group's foreign exchange risk recognised in the balance sheet at December 31, 2007

	Net position before hedging	Hedged by financial instruments [1]	Net position after hedging	Likely change in exchange rate [2]	Effect on profit for the year [3]
Currency					
EUR/DKK	(303.1)	0.0	(303.1)	0%	0.0
NOK/DKK	0.2	(13.6)	(13.4)	10%	(1.3)
USD/DKK	36.7	13.4	50.1	10%	5.0
Other/DKK	(1.1)	(4.2)	(5.3)	10%	(0.5)
	(267.3)	(4.4)	(271.7)		3.1

1) Positive principal amounts on forward currency contracts indicate a purchase of the currency in question. Negative principal amounts indicate a sale.
2) Increase in per cent in the currency exchange rate.
3) A decrease in the currency exchange rate would reverse the sign.

The Group is only moderately exposed to changes in foreign exchange rates.

Notes to the consolidated financial statements

NOTE 33 - **Financial risks (continued)**

Currency hedging agreements regarding future transactions

Net amounts outstanding for currency hedging agreements at December 31, for the Group and the parent company, which satisfy the requirements for hedge accounting and which relate to future transactions

	2008			2007		
	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
Currency						
EUR	(60.1)	(1.6)	4	192.9	0.3	16
USD	265.2	(9.2)	4	464.0	(2.7)	3
GBP	0.0	0.0	0	8.0	0.0	3
SEK	0.0	0.0	0	3.8	0.0	1
NOK	5.0	0.6	2	6.8	(0.1)	2
Other	0.0	0.0	0	10.0	0.0	6
	210.1	(10.2)		685.5	(2.5)	

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.

Hedging of future cash flows is primarily done in BioMar Group, where considerable contracts are often made on the purchase of fish oil and fish meal in currencies other than the functional currency of Group companies. At the time of purchase, it is therefore custom to hedge the currency risk on every purchase of raw materials.

Price of Vestas shares

Schouw & Co. is exposed to fluctuations in the price of Vestas shares, which in 2008 resulted in an overall negative effect on profit of DKK 871,5 million (2007: a positive effect of DKK 1.467 million). The value of Schouw & Co.'s holding of Vestas shares is detailed in note 14.

Risk on raw material

Risk on raw materials prices is not hedged by way of financial instruments.

Interest rate risk

See note 22.

Credit risk

The Group's credit risk is primarily related to trade receivables (see note 16) and cash deposits. 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. At December 31, 2008, the maximum credit risk considering the collateral provided was DKK 2,108.1 million (trade receivables less collateral + cash).

Liquidity risk

It is Group policy when raising loans to maximise flexibility by diversifying borrowing in respect of maturity/renegotiation dates and counterparties, with due consideration to costs. The Group's cash reserves consist of cash, readily marketable shares in Vestas and undrawn credit facilities. The Group's objective is to have sufficient cash resources to allow it to continue in an adequate manner to operate the business and to react to unforeseen fluctuations in its cash holdings.

	2008	2007
Break-down of the Group's cash resources at December 31		
Operating credit facility	2,724.7	2,034.4
Drawn operating credits, see note 22	(1,223.9)	(1,419.1)
Drawn operating credits included in credit institutions (long-term)	(200.0)	0.0
Cash and cash equivalents, see note 31	377.0	227.1
Shares in Vestas	1,217.7	2,624.9
Cash resources	2,895.5	3,467.3

The Group's credit facilities have mainly been raised with large Scandinavian banks, with whom the Group has had a longstanding relationship. Most operating credits can be terminated at short notice, with the exception of the DKK 200 million operating credit, which is interminable on the part of the bank within the next 20 months. The maturity profile of the Group's interest-bearing debt is shown in note 22.

Capital management

Schouw & Co. gives priority to having a high equity ratio in order to ensure financial versatility. The Group aims to keep the net interest-bearing debt below 4.5 x EBITDA on a 12-month basis. The company's significant undrawn credit limits and its highly liquid portfolio of securities means that is has substantial cash resources. See the table above.

The Group's dividend policy normally calls for a pay-out ratio of 20–30%, although it may be less than 20% in years with a large positive value adjustment on the holding of Vestas shares, or it may by higher than 30% in years with large positive cash flows from the sale of Vestas shares or from the divestment of subsidiaries. Otherwise, the dividend declared will always take account of the Group's plans for growth plans and its liquidity requirements.

Notes to the consolidated financial statements

NOTE 34 - **Operational leases and rent commitments**

	2008				
	Property	Machinery	Ships	Cars	Total
Payments for non-terminable operating leases and rent commitments					
0-1 year	29.0	15.8	56.0	9.9	110.7
1-5 years	46.1	13.2	130.4	12.6	202.3
> 5 years	30.1	0.6	0.0	1.4	32.1
	105.2	29.6	186.4	23.9	345.1

	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

The Group leases tools and equipment under operating leases. Lease periods are typically for 2-8 years with a renewal option on expiry. No contingent rents are payable under the leases.

An amount of DKK 99.0 million (2007: DKK 77.8 million) relating to operating leases has been recognised in the consolidated income statement for 2008.

NOTE 35 - **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 42.67 % 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.

NOTE 36 - **Events after the balance sheet date**

Other than the events described in Management's report, Schouw & Co. is not aware of events occurring after December 31, 2008, which are expected to have a material impact on the Group's financial position or outlook.

NOTE 37 - **New accounting regulations**

A number of new IFRS standards (IAS 1, IAS 23, IAS 27, IFRS 2, IFRS 3, IFRS 8) and IFRIC interpretations (IFRIC 13 and 15–18) have been adopted and existing standards have been updated, which are not mandatory for Schouw & Co. in the presentation of the 2008 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. Implementation of the other standards and interpretations is not expected to influence the Group's recognition and measurement, but solely its note disclosures and presentation.

Parent company financial statements



All amounts in millions of Danish kroner.

Parent company income statement January 1 - December 31

Note		2008	2007
1	**Revenue**	17.3	17.3
2	Cost of sales	(1.7)	(1.9)
	Gross profit	15.6	15.4
4	Other operating income	3.8	0.1
2, 3	Administrative expenses	(21.6)	(21.7)
	Operating profit	(2.2)	(6.2)
5	Profit from divestment of equity investments	0.0	0.0
7	Financial income	202.2	1,550.6
8	Financial expenses	(1,262.1)	(26.7)
	Profit before tax	(1,062.1)	1,517.7
9	Tax on profit for the year	1.8	5.1
	Profit for the year	(1,060.3)	1,522.8
	Proposed allocation of profit		
	Proposed dividend, DKK 3 per share (2007: DKK 3 per share)	84.0	74.8
	Retained earnings	(1,144.3)	1,448.0
		(1,060.3)	1,522.8
	Recognised comprehensive income for the parent company		
	Value adjustment of hedging instruments recognised during the year	0.0	0.1
	Tax on items taken directly to equity	0.0	0.0
	Net income recognised directly in equity	0.0	0.1
	Profit for the year	(1,060.3)	1,522.8
	Total recognised comprehensive income	(1,060.3)	1,522.9

Parent company balance sheet • Assets at December 31

Note		2008	2007
	Assets		
	Non-current assets		
10	**Property, plant and equipment**		
	Land and buildings	14.8	14.4
	Investment properties	69.0	69.3
	Plant and machinery	0.0	0.0
	Other fixtures, tools and equipment	3.0	2.7
		86.8	86.4
	Other non-current assets		
5	Equity investments in subsidiaries and joint ventures	2,383.8	1,963.9
6	Equity investments in associates	62.9	60.8
14	Deferred tax	3.5	0.0
11	Receivables from subsidiaries	135.0	135.0
12	Securities	1,220.3	2,628.1
		3,805.5	4,787.8
	Total non-current assets	3,892.3	4,874.2
	Current assets		
11	Receivables from subsidiaries	297.7	93.2
11	Other receivables	0.0	2.0
19	Cash and cash equivalents	0.2	0.0
	Total current assets	297.9	95.2
	Total assets	4,190.2	4,969.4

Liabilities and equity at December 31

Note		2008	2007
	Liabilities and equity		
13	**Equity**		
	Share capital	280.0	124.7
	Hedge transaction reserve	0.0	0.0
	Retained earnings	3,513.3	4,197.8
	Proposed dividend	84.0	74.8
	Total equity	3,877.3	4,397.3
	Liabilities		
	Non-current liabilities		
14	Deferred tax	0.0	12.0
15	Pensions and similar liabilities	26.1	0.0
16	Credit institutions	45.6	47.8
17	Other liabilities	11.5	3.1
		83.2	62.9
	Current liabilities		
16	Current portion of non-current debt	2.2	3.2
16	Credit institutions	75.3	486.9
16	Payables to subsidiaries	135.3	5.3
18	Trade payables and other payables	6.4	3.0
19	Income tax	10.5	10.8
		229.7	509.2
	Total liabilities	312.9	572.1
	Total liabilities and equity	4,190.2	4,969.4
20	Contingent liabilities and guarantees		
23-24	Notes without reference		

Parent company cash flow statement January 1 - December 31

Note		2008	2007
	Profit before tax	(1,062.1)	1,517.7
	Adjustment for operating items of a non-cash nature, etc.		
2	Depreciation and impairment losses	0.8	0.8
	Other operating items, net	1.4	0.9
	Financial income	(202.2)	(1,550.6)
	Financial expenses	1,262.1	26.7
	Cash flows from operating activities before changes in working capital	0.0	(4.5)
22	Changes in working capital	5.2	(2.7)
	Cash flows from operating activities	5.2	(7.2)
	Interest income received	20.8	13.0
	Interest expenses paid	(20.8)	(22.4)
	Cash flows from ordinary activities	5.2	(16.6)
19	Joint taxation contribution received and net tax paid	6.2	(4.2)
	Cash flows from operating activities	11.4	(20.8)
	Purchase of property, plant and equipment	(1.2)	(5.7)
	Sale of property, plant and equipment	3.8	0.1
	Capital increase in subsidiaries and joint ventures	(46.8)	(50.0)
	Acquisition of minority interests in subsidiaries	(0.9)	0.0
	Dividend/capital decrease in subsidiaries, etc.	80.5	70.7
	Sale of securities	536.8	0.0
	Cash flows from investing activities	572.2	15.1
	Debt financing:		
	Repayment of non-current liabilities	(3.1)	(177.6)
	Proceeds from incurring financial liabilities	8.3	0.0
	Increase (repayment) of debt to credit institutions	(411.6)	466.1
	Increase (repayment) of intra-group balances	(72.7)	(122.0)
	Shareholders:		
	Costs regarding capital increase	(1.1)	0.0
	Dividend paid	(70.1)	(70.3)
	Purchase / sale of treasury shares etc.	(33.1)	(90.5)
	Cash flows from financing activities	(583.4)	5.7
	Cash flows for the year	0.2	0.0
	Cash and cash equivalents at January 1	0.0	0.0
	Value adjustment of cash and cash equivalents	0.0	0.0
21	**Cash and cash equivalents at December 31**	0.2	0.0

Notes to the parent company financial statements

	2008	2007
NOTE 1 - Revenue		
Management fee	3.0	2.6
Sale of wind energy	0.2	0.6
Rental income etc.	14.1	14.1
	17.3	17.3
NOTE 2 - Costs		
Staff costs		
Remuneration to the Board of Directors of Schouw & Co.	(1.4)	(1.4)
Wages and salaries	(10.6)	(11.1)
Defined contribution pension plans	(0.7)	(0.7)
Share-based payment	(1.7)	(1.5)
	(14.4)	(14.7)

More information on salaries, pensions and share-based payment to the Management Board of Schouw & Co. is 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	10

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

Employee shares
In 2008, Schouw & Co. allocated 122 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. The condition was met for the 2008 financial year and 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 2008. 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)	(0.8)
Depreciation/amortisation and impairment are recognised in the income statement as follows:		
Production	(0.3)	(0.4)
Administration	(0.5)	(0.4)
	(0.8)	(0.8)
NOTE 3 - Fees to the auditor appointed by the general meeting		
Audit fees, KPMG	0.3	0.3
Non-audit fees, KPMG	0.2	0.1
Fees for tax- and VAT-related services, KPMG	0.1	0.1
Fees for other services, KPMG	0.5	0.0
Total fee, KPMG	1.1	0.5
NOTE 4 - Other operating income		
Profit from the sale of property, plant and equipment	3.6	0.1
Profit from the sale of fixed asset investment	0.2	0.0
	3.8	0.1

Notes to the parent company financial statements

	2008	2007
NOTE 5 - Investments in subsidiaries/joint ventures		
Cost at January 1	1,978.8	2,022.7
Dividends exceeding accumulated profit	0.0	(0.1)
Capital contributions made during the year	0.0	0.0
Additions during the year	690.9	0.0
Disposals during the year	(0.2)	(43.8)
Cost at December 31	2,669.5	1,978.8
Impairment at January 1	(14.9)	(56.4)
Impairment	(270.8)	0.0
Disposals during the year	0.0	41.5
Impairment at December 31	(285.7)	(14.9)
Carrying amount at December 31	2,383.8	1,963.9

Company	Registered office	Ownership interest 2008	Ownership interest 2007
BioMar Holding A/S	Aarhus	-	68.82%
BioMar Group A/S	Aarhus	100%	-
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%

The cost of Martin Professional was written down in 2008 to the estimated value in use. The write-down amounted to DKK 270.8 million. The impairment test conducted is described in note 12 to the consolidated financial statements, to which reference is made.

In connection with the merger between Schouw and BioMar Holding A/S, the minority shareholders were remunerated with shares in the parent company. BioMar Group A/S is now a subsidiary of Schouw & Co.

Certain assets and liabilities which formed part of the merger with BioMar Holding A/S, were subsequently after the merger divested to BioMar Group A/S. In the notes, the divestment and the merger are presented at net values.

	2008	2007
NOTE 6 - Equity investments in associates		
Cost at January 1	66.5	66.5
Additions	0.0	0.0
Cost at December 31	66.5	66.5
Adjustments at January 1	(5.7)	(2.1)
Impairment for the year	0.0	(3.6)
Reversal of prior-year impairment	2.1	0.0
Adjustments at December 31	(3.6)	(5.7)
Carrying amount at December 31	62.9	60.8

Company	Registered office	Ownership interest 2008	Ownership interest 2007
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.

NOTE 7 - Financial income		
Reversal of write-downs on investments in associates	2.1	0.0
Interest income, etc.	0.6	0.0
Interest income from subsidiaries	20.4	13.0
Foreign exchange gains	0.0	0.1
Realised capital gains on securities	98.2	0.0
Unrealised capital gains on securities	0.4	1,466.9
Dividends from subsidiaries	80.5	70.6
	202.2	1,550.6
NOTE 8 - Financial expenses		
Write-down on investments in subsidiaries	(270.8)	0.0
Write-down on investments in associates	0.0	(3.6)
Interest expenses, etc.	(20.8)	(21.3)
Interest expenses to subsidiaries	(0.3)	(1.8)
Unrealised capital losses on securities	(970.2)	0.0
	(1,262.1)	(26.7)

Notes to the parent company financial statements

	2008	2007
NOTE 9 - Tax on profit for the year		
Tax on profit for the year has been calculated as follows:		
Current tax	5.6	4.6
Deferred tax	(5.0)	(0.8)
Reduction of Danish corporate income tax rate from 28% to 25%	0.0	1.3
Prior-year tax adjustments	1.2	0.0
	1.8	5.1
Specification of the tax on profit for the year:		
Calculated 25% (28%) tax of profit for the year	265.5	(379.4)
Reduction of Danish corporate income tax rate from 28% to 25%	0.0	1.3
Tax effect of non-deductible amortisation and impairment of goodwill	(67.7)	0.0
Tax effect of non-taxable income	(197.2)	383.2
Tax effect of adjustment of prior-year tax charge	1.2	0.0
	1.8	5.1
Effective tax rate	0.2%	-0.3%

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

NOTE 10 - Property, plant and equipment

2008	Land and buildings	Investment properties	Plant and machinery	Other fixtures, tools and equipment	Total
Cost at January 1, 2008	17.2	97.5	4.7	6.0	125.4
Additions	0.4	0.0	0.0	0.9	1.3
Disposals	0.0	0.0	(4.7)	(0.3)	(5.0)
Cost at December 31, 2008	17.6	97.5	0.0	6.6	121.7
Depreciation and impairment at January 1, 2008	(2.8)	(28.2)	(4.7)	(3.3)	(39.0)
Depreciation	0.0	(0.3)	0.0	(0.5)	(0.8)
Depreciation of disposed assets	0.0	0.0	4.7	0.2	4.9
Depreciation and impairment at December 31, 2008	(2.8)	(28.5)	0.0	(3.6)	(34.9)
Carrying amount at December 31, 2008	14.8	69.0	0.0	3.0	86.8
Depreciated over	25 years	20 years	10 years	3-8 years	

2007	Land and buildings	Investment properties	Plant and machinery	Other fixtures, tools and equipment	Total
Cost at January 1, 2007	17.2	93.4	4.7	4.9	120.2
Additions	0.0	4.1	0.0	1.6	5.7
Disposals	0.0	0.0	0.0	(0.5)	(0.5)
Cost at December 31, 2007	17.2	97.5	4.7	6.0	125.4
Depreciation and impairment at January 1, 2007	(2.8)	(28.2)	(4.3)	(3.3)	(38.6)
Depreciation	0.0	0.0	(0.4)	(0.4)	(0.8)
Depreciation of disposed assets	0.0	0.0	0.0	0.4	0.4
Depreciation and impairment at December 31, 2007	(2.8)	(28.2)	(4.7)	(3.3)	(39.0)
Carrying amount at December 31, 2007	14.4	69.3	0.0	2.7	86.4
Depreciated over	25 years	20 years	10 years	3-8 years	

Schouw & Co. owns the following three properties, Chr. Filtenborgs Plads 1, the Group's head office (Aarhus), Hovmarken 8 (Lystrup) which, after the sale of Elopak Denmark A/S in 2006 is now treated as an investment property and Sadelmagervej 24 (Vejle), which is also an investment property.

The investment properties produce rental income of DKK 14.4 million at the current rent level and includes operating costs of DKK 1.5 million. When capitalising the net rental income at a discount rate of 7.5% p.a., the fair value of the two investment properties is estimated to be about DKK 170 million. The discount rate is defined as the rate (15-25 years) at 31 December 2008, plus a risk premium of 2.4% points.

Notes to the parent company financial statements

	2008	2007
NOTE 11 - Receivables		
Receivables from subsidiaries	432.7	228.2
Other receivables	0.0	2.0
	432.7	230.2
Breakdown of receivables:		
Non-current receivables	135.0	135.0
current receivables	297.7	95.2
	432.7	230.2

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.

NOTE 12 - Securities		
Cost at January 1	366.0	363.8
Reclassification	1.0	2.2
Disposals	(52.5)	0.0
Cost at December 31	314.5	366.0
Adjustments at January 1	2,262.1	795.2
Reclassification	(1.0)	0.0
Disposals on divestment	(483.7)	0.0
Adjustments of the year recognised in the income statement	(871.6)	1,466.9
Adjustments at December 31	905.8	2,262.1
Carrying amount at December 31	1,220.3	2,628.1
Shares in Vestas Wind Systems A/S	1,217.7	2,624.9
Other securities	2.6	3.2
	1,220.3	2,628.1

At December 31, 2008, the company held 4,000,000 shares in Vestas Wind Systems recognised at a price of DKK 304.43 per share. At DKK 1,217.7 million, the fair value of the holding corresponded to the market price at December 31, 2008. 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.

A total of 800,000 shares were sold during the year for total proceeds of DKK 535.7 million.

Notes to the parent company financial statements

NOTE 13 - **Equity**

Share capital
The share capital consist of 28,000,000 shares with a nominal value of DKK 10 each. All shares rank equally.

In April, the share capital was increased by 12,470,000 shares in connection with a bonus share issue and by 3,060,000 shares in connection with the merger of BioMar Holding A/S and Schouw & Co. Total costs of the capital increase and the bonus share issue amounted to DKK 1.1 million.

Treasury shares

	Number of shares	Nominal value	Cost	Percentage of share capital
January 1	777,926	7,779,260	119.7	6.24%
Bought	251,630	2,516,300	115.3	2.02%
Group employee share scheme	(4,822)	(48,220)	(0.8)	-0.04%
Share option programme	(96,000)	(960,000)	(18.0)	-0.77%
December 31, 2007	928,734	9,287,340	216.2	7.45%
Bought	544,907	5,449,070	80.6	1.25%
Group employee share scheme	(16,429)	(164,290)	(2.2)	-0.13%
Share option programme	(120,000)	(1,200,000)	(15.0)	-0.96%
Bonus shares	792,345	7,923,450	0.0	0.00%
Merger with BioMar Holding A/S	(369,048)	(3,690,480)	(19.6)	-1.32%
December 31, 2008	1,760,509	17,605,090	260.0	6.29%

In 2008 Schouw & Co. sold treasury shares worth DKK 42.9 million in settlement of the Group's share option programme and employee share scheme.

Schouw & Co. acquired treasury shares worth DKK 80.6 million in 2008.

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 2,800,000 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. At December 31. 2008, the holding of treasury shares had a market value of DKK 134.2 million (2007 : DKK 409.9 million).

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, 2007	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	1,363.5
Equity at December 31, 2007	124.7	0.0	4,197.8	74.8	4,397.3
Changes in equity 2008					
Total recognised comprehensive income	0.0	0.0	(1,144.3)	84.0	(1,060.3)
Share-based payment	0.0	0.0	6.2	0.0	6.2
Dividend distributed	0.0	0.0	4.7	(74.8)	(70.1)
Issuance of bonus shares	124.7	0.0	(124.7)	0.0	0.0
Capital increase	30.6	0.0	611.3	0.0	641.9
Treasury shares sold	0.0	0.0	42.9	0.0	42.9
Treasury shares bought	0.0	0.0	(80.6)	0.0	(80.6)
Changes in equity 2008	155.3	0.0	(684.5)	9.2	(520.0)
Equity at December 31, 2008	280.0	0.0	3,513.3	84.0	3,877.3

Notes to the parent company financial statements

NOTE 14 - **Deferred tax**

	2008	2007
Deferred tax at January 1	12.0	12.5
Additions	(19.9)	0.0
Deferred tax adjustment at January 1	(0.6)	0.0
Deferred tax for the year recognised in profit for the year	5.0	0.8
Effect of lowering of Danish corporate income tax rate from 28% to 25%	0.0	(1.3)
Net deferred tax at December 31	(3.5)	12.0
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	(3.5)	0.0
Deferred tax (liability)	0.0	12.0
Net deferred tax at December 31	(3.5)	12.0
Deferred tax pertains to:		
Property, plant and equipment	3.4	11.5
Other liabilities	(3.2)	0.5
Tax loss carry-forwards	(3.7)	0.0
	(3.5)	12.0

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

Changes in temporary differences during the year

	2008			
	Balance at Jan. 1	Addition on merger	Recognised in profit for the year	Balance at Dec. 31
Property, plant and equipment	11.5	(11.9)	3.8	3.4
Other liabilities	0.5	(3.4)	(0.3)	(3.2)
Tax losses	0.0	(4.6)	0.9	(3.7)
	12.0	(19.9)	4.4	(3.5)

	2007			
	Balance at Jan. 1	Addition on merger	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

NOTE 15 - **Pensions and similar liabilities**

It is company policy to fund all pension liabilities, so as predominantly to avoid defined benefit plans. The pension liability was assumed by Schouw & Co. in connection with the merger with BioMar Holding.

	2008	2007
Changes in recognised liability:		
Net liability at January 1	0.0	0.0
Additions by merger	21.5	0.0
Paid out	(0.3)	0.0
Paid in	4.9	0.0
Net liability at December 31	26.1	0.0

The pension obligation was calculated at DKK 26.1 million at December 31, 2008. The entire amount relates to the 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 transfered 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 negative direction.

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 statement.

Notes to the parent company financial statements

NOTE 16 - **Interest bearing debt**

	2008	2007
Debt recognised in the balance sheet:		
Credit institutions (non-current)	45.6	47.8
Other liabilities (non-current)	8.3	0.0
Current portion of non-current liabilities	2.2	3.2
Credit institutions (current)	75.3	486.9
Payables to subsidiaries	135.3	5.3
	266.7	543.2
Fair value	266.7	543.0

	Payment		Rate of interest		Carrying amount	
	2008	2007	2008	2007	2008	2007
Interest bearing debt maturity profile						
Overdraft facilities without planned repayment	210.6	492.2	0.0	0.0	210.6	492.2
Less than 1 year	4.8	5.7	2.6	2.5	2.2	3.2
1-5 years	19.7	17.7	10.9	8.7	8.8	9.0
More than 5 years	55.9	51.9	10.8	13.1	45.1	38.8
	291.0	567.5	24.3	24.3	266.7	543.2

On variable rate debt, the used rate of interest is the spot rate.

Weighted average effective rate of interest of the year was 5.2% (2007 : 4.6%)
Weighted average effective rate of interest on the balance sheet date was 5.4% (2007 : 5.1%)

Interest rate risk
The parent company 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. Currently, the Group has not hedged interest rate risk.

	2008			2007		
	Fixed rate debt	Floating rate debt	Total	Fixed rate debt	Floating rate debt	Total
Debt to credit institutions	31.2	235.5	266.7	1.6	541.6	543.2
Hedging	0.0	0.0	0.0	0.0	0.0	0.0
Net exposure	31.2	235.5	266.7	1.6	541.6	543.2

If interest rates rise by 1%, the annual interest expense would increase by about DKK 1.8 million after tax (2007: DKK 4.1 million). As no interest rate swaps have been entered into, a 1% increase in interest rates would not affect equity.

Fixed rate debt includes items, for which the rate of interest will not be reset within the next year.

NOTE 17 - **Other liabilities**

	2008	2007
Deposits (non-interest bearing)	3.2	3.1
Corporate bonds (interest bearing)	8.3	0.0
	11.5	3.1

NOTE 18 - **Trade payables and other payables**

Trade payables	1.0	0.8
Debts to subsidiaries (non-interest bearing)	0.1	0.0
Other payables	5.3	2.2
	6.4	3.0

Notes to the parent company financial statements

	2008	2007
NOTE 19 - Income tax payable		
Income tax payable at January 1	10.8	19.6
Prior-year adjustments	(0.9)	0.0
Current tax for the year recognised in the income statement	(5.6)	(4.6)
Joint taxation contribution received and net tax paid	6.2	(4.2)
Income tax payable at December 31	10.5	10.8

NOTE 20 - 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 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 DKK 83.8 million (2007 : DKK 83.7 million)
Other guarantees DKK 13.7 million (2007 : DKK 14.4 million)

NOTE 21 - Cash and cash equivalents

Cash and cash equivalents at December 31 comprised:		
Cash and cash equivalents	0.2	0.0
	0.2	0.0

NOTE 22 - Changes in working capital

Change in receivables	1.8	(1.6)
Change in trade payables and other payables	3.4	(1.1)
	5.2	(2.7)

NOTE 23 - Financial risks

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 of 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, 2008
The parent company had no debt or receivables in foreign currencies at the end of 2008.

The parent company's foreign exchange risks recognised in the balance sheet at December 31, 2007
The parent company had no debt or receivables in foreign currencies at the end of 2007.

Credit risk
Parent company credit risk relates primarily to receivables from affiliated companies and secondarily to cash deposits.

Notes to the parent company financial statements

	2008	2007

NOTE 23 - **Financial risk (continued)**

Liquidity risk

To ensure that the company always has the necessary cash resources to capitalise on opportunities for investment that may arise and to be able to settle obligations agreed, the company has entered into several agreements with recognised financial institutions, under which they provide credit lines to Schouw & Co. It is company policy to diversify borrowings on short term drawing facilities and long-term loans from an assessment of its current leverage as well as an assessment of the current and expected future interest rate level. The company's cash resources consist of cash, readily marketable shares in Vestas, short-term receivables from affiliated companies and undrawn credit facilities.

The parent company's cash resources at December 31 were composed as follows		
Operating credit facility	857.5	608.4
Drawn operating credits, see note 16	(75.3)	(486.9)
Shares in Vestas	1,217.7	2,624.9
Cash and cash equivalents, see note 21	0.2	0.0
Cash resources	2,000.1	2,746.4
Other receivables/debt to Group companies:		
Receivables from Group companies	297.7	93.2
Current liabilities to Group companies	(135.3)	(5.3)
Net receivables (debt)	162.4	87.9

Operating credits can be terminated at one day's notice.
Maturities of the Group's interest bearing debt is shown in note 16.

NOTE 24 - **Related party transactions**

Related parties are described in note 35 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 statement.

Associates

Information on trading with associates is provided below:
The parent company has received a management fee of DKK 0.1 million (2007: DKK 0.1 million).
No dividends were received from associates in 2008 or 2007.

Subsidiaries

Information on trading with subsidiaries is provided below:
The parent company has received a management fee of DKK 2.9 million (2007: DKK 2.5 million).
Outstanding balances with subsidiaries at December 31 are specified in note 11.
Parent company debt to subsidiaries at December 31 is specified in note 16.
The parent company has received dividends of DKK 80.5 million (2007: DKK 70.7 million) from subsidiaries. Of dividends received in 2008, dividends that for accounting purposes are considered repayment of acquisition amounted to DKK 0.0 million (2007: DKK 0.1 million).

Other than 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.

Accounting policies

The annual report of Schouw & Co. for 2008 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 NASDAQ OMX Copenhagen A/S on 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 implementation of IFRIC Interpretations 11 and 14 and amendments to IFRS 39 and IFRS 7 has not affected recognition or measurement and, consequently, the accounting policies are consistent with those applied last year.

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 in which management is a joint responsibility. 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. Discontinued 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 their 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 1 January 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. In the event of uncertainty regarding measurement, 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.

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 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 undefinable 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 hedging 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).

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.

Administrative expenses also comprise write-downs on receivables.

EMPLOYEE BENEFITS

SHARE OPTION PROGRAMME Equity-settled share options are measured at fair value at the grant date and their value is 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 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.

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.

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.

Investment grants in the form of certain tax-privileged schemes in individual countries are recognised in the balance sheet under receivables and under accruals and deferred income. Grants are recognised in the income statement under other operating income as the underlying investments are depreciated. The receivable is reduced as the grant is received and the accruals and deferred income item is reduced as the grant is recognised in the income statement.

Share of profit/loss after tax 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.

Profit /loss from divestment of equity investments in the consolidated financial statements

Profit/loss from divestment of equity investments is recognised in the consolidated income statement. The profit/loss is calculated as the selling price less the carrying amount of the equity investment plus or minus foreign exchange adjustments taken to equity which relate directly to the equity investment in question and less selling costs.

On the divestment of a company, the profit/loss is recognised under profit/loss from the divestment of equity investments if the company sold does not represent an independent segment and if its revenue and profit/loss represent less than 10% of consolidated revenue or consolidated profit/loss.

Profit from the sale of other companies is recognised in profit from discontinued operations. See separate section on the presentation of discontinued operations.

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.

Financial expenses relating to the construction of non-current assets are recognised as part of the cost of the asset.

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 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 write-downs.

Patents and licenses are measured at cost less accumulated amortisation and write-downs. 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, investment property, 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.

Interest expense of constructing a new asset and incurred during the construction period is recognised in the cost 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
Investment property	20 years
Plant and machinery	3-12 years
Leasehold improvements	5-10 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 takeover date.

Securities

Security holdings which do not enable the company to exercise control or a significant influence, and other securities are measured at fair value.

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

Unlisted 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. Receivables are written down for anticipated losses. Impairment write-downs on receivables are recognised in the income statement under administrative expenses.

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

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 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.

FAIR VALUE ADJUSTMENT RESERVE

The fair value adjustment reserve comprises value adjustments of available-for-sale securities that are not regularly monitored. On realisation, accumulated value adjustments are taken from equity to financial items in the income statement.

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.

DIVIDEND

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.

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.

PENSION LIABILITIES AND SIMILAR NON-CURRENT 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 relating solely to activities 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.

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 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.

PREPAYMENTS AND ACCRUED INCOME

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

ASSETS AND LIABILITIES 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 in the income statement.

CASH FLOW STATEMENT

The cash flow statement shows the cash flows for the year distributed on operating, investing, financing and discontinued activities, net changes for the year in cash as well as 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 FLOWS FROM DISCONTINUING ACTIVITIES

Cash flows from discontinuing activities comprise cash flows from operating, investing and financing activities in the discontinuing entity.

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.

Non-current 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 receivables, other receivables, 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 in accordance with 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	Profit for the year excluding minorities / Avg. equity excluding minorities
Return on invested capital (ROIC)	EBITA ex. goodwill impairment / Avg. invested capital excluding goodwill
Equity ratio	Equity at year end / Total liabilities and equity at year end
Earnings per share (EPS)	Profit for the year excluding minorities / Average number of shares in circulation
Diluted earnings per share (EPS-D)	Diluted earnings excluding minorities / Diluted average number of shares in circulation
Net asset value per share	Equity at year end, excluding minority interests / Number of shares at year end excluding treasury shares
Price/net asset value (P/NAV)	Market capitalisation at year end / Equity at year end, excluding minority interests
Price Earnings ratio (PE)	Share price at December 31 / Earnings per share
Market capitalisation	Number of shares, excluding treasury shares, multiplied by share price

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 2008 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, 2008 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year ended December 31, 2008.

Furthermore, in our opinion the management reports give a true and fair view of developments in the activities and financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general and describes significant risk and uncertainty factors that may affect the Group and the parent company.

We recommend that the Annual Report be adopted by the shareholders in general meeting.

Aarhus, March 12, 2009

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 2008 financial year, comprising a statement by the Board of Directors and the Management, management reviews, 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 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 auditor's judgment, including the assessment of the risk 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 the 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, 2008 and of the results of their operations and their cash flows for the financial year January 1 to December 31, 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Aarhus, March 12, 2009
KPMG, Statsautoriseret Revisionspartnerselskab



Jes Lauritzen
State Authorised Public Accountant



Kim R. Mortensen
State Authorised Public Accountant

Group overview selected companies as of December 31, 2008

COMPANY NAME	DOMICILE	COUNTRY	OWNERSHIP
Aktieselskabet Schouw & Co.	**Aarhus**	**Denmark**	
BioMar Group A/S	**Aarhus**	**Denmark**	**100%**
BioMar A/S	Brande	Denmark	100%
BioMar Sp.z o.o.	Zielona Góra	Poland	100%
Oy BioMar Ab	Vaasa	Finland	100%
BioMar AB	Insjön	Sweden	100%
Dana Feed A/S	Horsens	Denmark	100%
Dana Feed Sp.z o.o.	Koszalin	Poland	100%
Dana Feed Srl	Treviso	Italy	100%
BioMar S.A.S.	Nersac	France	100%
BioMar Srl	Monastier	Italy	100%
BioMar Iberia S.L.	Madrid	Spain	100%
ProAqua Nutrcion S.A.	Duenas	Spain	100%
BioMar Hellenic S.A.	Volos	Greece	100%
BioMar AS	Myre	Norway	100%
Sjøtroll Havbruk AS	Austevoll	Norway	50.9%
BioMar Ltd.	Grangemouth	UK	100%
BioMar A/S Chile Holding Ltda.	Puerto Montt	Chile	100%
BioMar Chile SA	Puerto Montt	Chile	100%
Alitec S.A.	Puerto Montt	Chile	100%
Alitec Pargua S.A.	Pargua	Chile	50.0%
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 Espana. S.L.	Sant Cugat del Vallés	Spain	100%
Innowo Print AG	Ilsenburg	Germany	15.0%
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	Oslo	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	50,0%
Grene Kramp s.r.o.	Modřice	Czech Rep.	65.0%
Grene Kramp Russia B.V.	Moskva	Russia	80.0%
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.	Lisses	France	100%
Martin Professional Italy Spa	Bergamo	Italy	100%
Martin Professional Pte. Ltd.	Singapore	Singapore	100%
Martin Professional GmbH	Karlsfeld	Germany	100%
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%
Beacon AB	Umeå	Sweden	24.0%
Martin Professional Middle East Ltd.	Beirut	Lebanon	16.7%
Martin Professional Argentina S.A.	Buenos Aires	Argentina	20.0%
Xergi A/S	**Støvring**	**Denmark**	**50.0%**
Xergi, Ltd.	London	UK	100%
Xergi Services Ltd.	London	UK	80.0%
Danish Biogas Technology A/S	Støvring	Denmark	100%
Xergi GmbH	Bad Saarow	Germany	100%
Xergi Biogas B.V.	Zuidlaren	Holland	100%
Xergi S.A.S.	Paris	France	100%
GFE Patent A/S	Langå	Denmark	50.0%
Incuba A/S	**Aarhus**	**Denmark**	**49.0%**
Helsingforsgade 25 Aarhus A/S	Aarhus	Denmark	34.0%
Incuba Science Park A/S	Aarhus	Denmark	26.3%
Østjysk Innovation A/S	Aarhus	Denmark	26.9%
Incuba Venture I K/S	Aarhus	Denmark	32.6%
Inventure Capital A/S	Aarhus	Denmark	25.0%
Scandinavian Micro Biodevices	Farum	Denmark	35.1%

Note: Grene Kramp s.r.o. is as of february 2009 wholly owned by Grene Kramp Holding.

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Published march 2009 by Aktieselskabet Schouw & Co.
Photos: Morten Fauerby, www.mortenfauerby.dk
Translation: Fokus Translations
Design, production and print: Datagraf A/S

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