



schouw+co

Annual Report 2012

Consolidated report

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This publication is a translation of the statutory Danish Annual Report 2012. The original Danish text shall be controlling for all purposes, and in cases of discrepancy, the Danish wording shall be applicable.

Best operating profit ever

Schouw & Co. had a very good year in 2012. Several times during the year, we were quite surprised by how well our businesses were performing, returning in 2012 the best operating profit in our company's 135 year history. We are very proud of this achievement.

Over the past few years, we have made a dedicated effort to help each of our businesses strengthen their market position and grow both their top and bottom lines. The highly satisfactory performance we saw in 2012 is a result of our persistent commitment to exercising active ownership with a continual focus on profitable growth, the efficient use of capital and future-proofing each company's strategic platform.

Fundamentally, as the owner of our businesses, we are in for the very long term, but now and again the time comes to make changes to our portfolio. If an attractive buying opportunity comes our way, we make use of it, and we also acknowledge and accept it if one of our companies might have better opportunities to develop under someone else's ownership.

Late in 2012, we sold Martin Professional to Harman of the USA, a global leader in professional audio equipment. Martin has been under Schouw & Co.'s ownership since 1999 and has certainly had its ups and downs during that time. The economic crisis affected Martin more than most, but after an extensive realignment of its business model and with a strong commitment from management and staff and substantial investments in innovation and product development, the company has now emerged with its strongest platform ever. Its successful transformation – together with the potential synergies in a comprehensive value proposition combining audio, light and video – was one of the things that convinced Harman to invest so much in Martin. We believe that Martin will have good opportunities to continue growing and evolving under their new ownership.

Given the current prospects for 2013, it looks as though we have our work cut out for us if we are to match our excellent performance of 2012. Our businesses are all strategically well positioned to tackle the challenges that may arise, and we are prepared to act swiftly and firmly if things do not progress as we expect. Schouw & Co. has the financial muscle and the commitment to make the best decisions for the long term.

*Jens Bjerg Sørensen, President
Aarhus, March 6, 2013*



Jens Bjerg Sørensen, President.

Like last year, Schouw & Co. will not be printing and distributing a conventional annual report. We have published a shareholder magazine to accompany our full-length annual report and readers may benefit from reading the annual report in conjunction with the shareholder magazine. The shareholder magazine is available in a print version and electronically at www.schouw.dk

The annual report contains a full presentation of financial statements and a full management's report, whereas the articles in the shareholder magazine provide supplementary information and describe matters of importance for our businesses in the years ahead.

Key figures

GROUP SUMMARY (DKK MILLION)	2012	2011	2010	2009	2008
Revenue	12,477.8	11,074.3	9,450.8	8,439.7	9,821.2
Operating profit before depreciation (EBITDA)	1,162.6	968.0	752.8	587.9	756.5
EBIT before goodwill impairment	774.9	650.5	368.6	192.4	337.6
Operating profit (EBIT)	772.2	643.7	368.6	190.0	124.4
Profit/(loss) after tax in associates	(4.7)	(26.4)	(0.6)	(11.4)	4.0
Profit/loss from divestment of equity investments	0.0	1.9	1.1	0.0	21.4
Value adjustment of financial investments ¹⁾	(68.3)	(556.2)	(518.1)	40.6	(871.5)
Net financials before value adjustment of financial investments	(85.9)	(86.9)	(92.2)	(117.7)	(143.5)
Profit/(loss) before tax	613.3	(23.9)	(241.2)	101.5	(865.2)
Tax on the profit/loss for the year	(144.5)	(30.6)	114.6	(28.5)	(38.3)
Profit for the year from continuing operations	468.8	(54.5)	(126.6)	73.0	(903.5)
Profit for the year from discontinued operations	28.9	(17.5)	166.8	77.9	0.1
Profit/(loss) for the year	497.7	(72.0)	40.2	150.9	(903.4)
Share of equity attributable to shareholders of Schouw & Co.	4,623.9	4,196.1	4,391.6	4,454.5	4,414.7
Minority interests	3.4	33.9	3.5	298.9	220.2
Total equity	4,627.3	4,230.0	4,395.1	4,753.4	4,634.9
Total assets	10,381.3	9,900.5	8,899.9	9,658.5	10,153.2
Net interest bearing debt (NIBD)	2,023.0	2,744.6	2,166.4	2,280.7	2,996.4
Working capital	1,892.1	2,146.8	1,614.0	1,455.4	2,208.3
Other key- and financial data					
Average number of employees during the year	2,873	2,688	3,166	3,334	3,734
Cash flow from operating activity	861.8	421.8	444.4	1,191.2	273.0
Investments in property, plant and equipment	351.4	552.4	472.3	208.4	335.2
Depreciation of property, plant and equipment	367.2	298.6	318.3	322.2	328.0
Return on equity (%)	11.3	(1.7)	(0.5)	2.5	(19.1)
Return on invested capital (ROIC %)	15.2	14.1	9.8	5.8	7.3
Equity ratio (%)	44.6	42.7	49.4	49.2	45.6
EBITDA margin (%)	9.3	8.7	8.0	7.0	7.7
EBIT margin (%)	6.2	5.8	3.9	2.3	1.3
NIBD/EBITDA	1.7	2.3	2.9	3.9	4.0
Per share data					
Earnings per share (of DKK 10)	21.09	(3.07)	(0.97)	4.43	(35.34)
Dividend per share (of DKK 10)	5.00	4.00	3.00	3.00	3.00
Net asset value per share (of DKK 10)	196.25	178.62	183.93	177.15	168.25
Share price at year end (of DKK 10)	149.00	92.50	133.50	94.45	76.21
Price/net asset value	0.76	0.52	0.73	0.53	0.45
Market capitalisation ²⁾	3,510.7	2,173.0	3,187.5	2,375.0	1,999.7

The financial ratios have been calculated in accordance with "Recommendations & Ratios 2010", issued by the Danish Society of Financial Analysts.

Martin has been divested and has therefore been reclassified from a consolidated business to discontinued operations. Comparative figures for 2011 in the income statement and the financial highlights and key figures have been restated accordingly, whereas comparative figures for balance sheet items are not restated.

¹⁾ Value adjustment consists of value adjustments and dividends from the holdings of shares in Vestas and Lerøy.

²⁾ Market capitalisation is calculated excluding the holding of treasury shares.

A historically good year

2012

■ Another year of revenue improvement and with an even bigger earnings improvement.

■ In December 2012, we signed an agreement to divest Martin in a transaction worth a total of DKK 917 million. The deal was finalised at the end of February 2013.

■ During the course of the year, BioMar officially opened a new factory in Costa Rica, Fibertex Personal Care resolved to add another production line at the factory in Malaysia and Fibertex Nonwovens acquired the rest of the shares in the former Tharreau Industries in France and delisted the company.

■ Net interest-bearing debt reduced by DKK 722 million and gearing (NIBD/EBITDA) reduced to 1.7x.

2013

■ Revenue is expected to increase, mainly because of higher raw materials prices; earnings are coming under pressure due to tough competition but are expected to be maintained at an attractive level.

■ For 2013 overall, Schouw & Co. expects to generate consolidated revenue in the vicinity of DKK 13.5 billion (2012: DKK 12.5bn) and EBIT in the DKK 680-770 million range (2012: DKK 772 million).

BioMar

■ Volumes sold up by 10%, revenue improved by 13% and EBIT was up 21%. The improvement was mainly driven by Chile and Continental Europe.

Fibertex Personal Care

■ Revenue and EBIT up due to increased capacity in Malaysia.

Fibertex Nonwovens

■ Recent years' losses have been reversed and turned into an EBIT profit, in part due to the successful integration of the French operations serving the automotive industry.

Grene

■ Revenue was up by 4% and EBIT by 8% as a result of improvements in Denmark and Russia.

Hydra-Grene

■ Revenue up by 13% after a year of strong activity in the wind turbine industry.

↑ Revenue growth

13%

↑ EBIT growth

20%

↓ Net interest-bearing debt/EBITDA

1.7x

↑ Dividend up by 1 DKK per share

DKK 5

Our businesses

BioMar

FACTS 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 and tilapia.

GEOGRAPHY BioMar is headquartered in Aarhus, Denmark and operates production facilities in Norway, Scotland, Denmark, France, Spain, Greece, Chile and Costa Rica.

MARKETS Core markets: Europe and South America.

OWNERSHIP In 2005, Schouw & Co. took a 68.8% majority interest in BioMar, then a listed company. BioMar became a wholly owned subsidiary following a merger in 2008.

www.biomar.com

Fibertex Personal Care

FACTS Fibertex Personal Care is among the world's five largest manufacturers of spunbond/spunmelt nonwovens for the personal care industry, mainly for nappies, sanitary towels and incontinence products.

GEOGRAPHY Head office in Aalborg, Denmark. Production facilities in Denmark and Malaysia and printing facilities in Germany.

MARKETS Core markets: Europe and South-East Asia.

OWNERSHIP Fibertex was founded in 1968 and was acquired by Schouw & Co. in 2002. The Personal Care activities have been a part of Fibertex since 1998 and were hived off as an independent portfolio company of Schouw & Co. at the beginning of 2011.

www.fibertexpersonalcare.com

Fibertex Nonwovens

FACTS Fibertex is among Europe's leading manufacturers of nonwovens, i.e. non-woven textiles used for a number of different industrial purposes.

GEOGRAPHY Head office in Aalborg, Denmark. Production facilities in Denmark, France, the Czech Republic and South Africa.

MARKETS Core markets in Europe, secondary markets in Africa and North America.

OWNERSHIP Fibertex was founded in 1968 and was acquired by Schouw & Co. in 2002.

www.fibertex.com

Grene

FACTS Grene is a logistics and trading business operating in the sale of spare parts and accessories for the agricultural sector as well as sales, service and projects for industry.

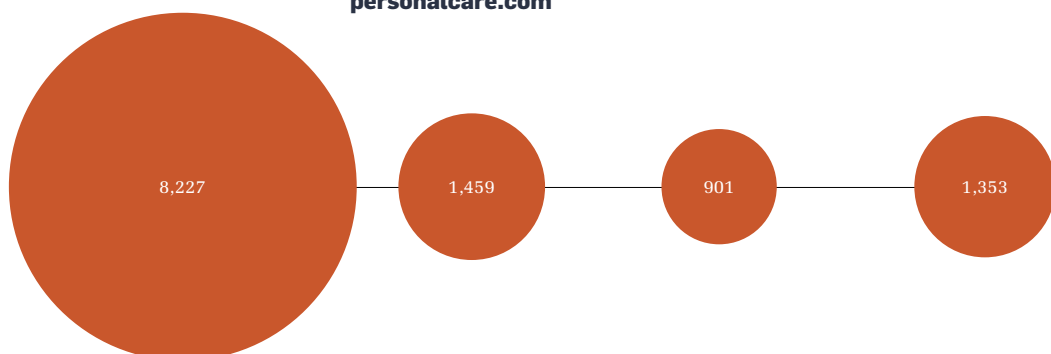
GEOGRAPHY Head office in Skjern, Denmark. Central warehouse facilities in Denmark, Sweden, Finland, Poland and Russia.

MARKETS Core markets in Denmark and the rest of the Nordic region as well as Poland, Russia and the Baltic States.

OWNERSHIP Grene was founded in 1915 and was acquired by Schouw & Co. in March 1988.

www.grene.com

Revenue in DKK million



Hydra-Grene

FACTS Hydra-Grene is a specialised trading and engineering company whose core business is trading and producing hydraulic components and systems development for industry as well as related consulting services.

GEOGRAPHY Head office in Skjern, Denmark. Production facilities in Denmark and China.

MARKETS Core markets in Denmark and the rest of Europe as well as Asia.

OWNERSHIP Hydra-Grene was an independent member of the Grene group from 1974 to 2009, when the company was hived off from Grene and became an independent portfolio company of Schouw & Co.

www.hydra.dk

Other investments

Xergi

Schouw & Co. has been involved in the biogas field since 2001, and today co-owns Xergi on a fifty/fifty basis together with Hedeselskabet.

Xergi is one of Europe's leading suppliers of turnkey biogas systems. Its core business consists of technology development, system design and installation as well as turnkey system operation and maintenance. The company's head office is in Støvring near Aalborg, Denmark and it operates mainly on the European and US markets.

Biogas has excellent prospects as an alternative source of energy that could in future help solve the ever-growing need for energy, while also providing environmental solutions.

Financial investments

At December 31, 2012, Schouw & Co. had two ownership stakes that were not considered to be of a long-term strategic nature: of 4 million shares in Vestas Wind Systems and of 1 million shares in the Norwegian company Lerøy Seafood Group.

At December 31, 2012, these financial investments were recognised in the financial statements under investments at a carrying amount of DKK 259 million. The entire stake of Lerøy shares was divested in January 2013. Proceeds from the transaction amounted to DKK 145 million.

Incuba

Schouw & Co. holds a 49% stake in Incuba A/S, a development and venture operation supporting entrepreneurial environments and investing actively in new companies. Incuba is accounted for as an associated company.

Property

In addition to operational properties of the portfolio companies, the parent company, Schouw & Co., owns four properties directly. At December 31, 2012 two of these were the parent company's head office in Aarhus and a factory site in Lystrup outside Aarhus currently leased to Schouw & Co.'s former portfolio company Elopak Denmark.

In connection with the divestment of Martin, Schouw & Co. took over, in February 2013, two properties in Frederikshavn, both of which are still being used by Martin.

Management and financial report

Highlights

The Schouw & Co. Group had a historically good year in 2012, with both revenue and earnings fully meeting expectations. The strong improvements in revenue and earnings show that the Group's businesses have generally managed to align their costs, output capacity and focal areas to market demand.

The most recent consolidated guidance for FY 2012 revenue of just over DKK 13 billion and EBIT in the DKK 800-820 million range was inclusive of Martin Professional. Martin was a member of the Group for the entire year, but because on December 19, 2012, we agreed to sell the company, Martin is not recognised in our consolidated revenue and EBIT in the income statement, but is instead stated as a separate line item under discontinued operations.

The companies of the Schouw & Co. Group reported revenue of DKK 13,410 million in 2012. As Martin's revenue of DKK 932 million is recognised separately, the Group's consolidated revenue amounted to DKK 12,478 million.

The strong improvement relative to the comparative 2011 revenue of DKK 11,074 million was mainly provided by BioMar and the two Fibertex businesses, but the rest of the portfolio businesses also reported improvements.

The Group's businesses reported aggregate EBIT of DKK 824 million for 2012. Deducting DKK 52 million as Martin's EBIT less costs relating to the divestment from this figure leaves consolidated EBIT for the year at DKK 772 million.

All portfolio businesses contributed to the improvement relative to the comparative EBIT for 2011 of DKK 644 million with the exception of Hydra-Grene and Xergi, which both reported EBIT in line with the year before.

Based on unchanged financial expense and substantial improvements in value adjustment of financial investments and profit from associated undertakings, the consolidated profit before tax improved to DKK 613 million in 2012 from a DKK 24 million loss in 2011.

BioMar was the largest single contributor to the year's revenue and earnings improvements. The company reported a strong increase in revenue that was mainly driven by larger volumes in Chile and higher selling prices triggered by higher prices of raw materials. The significant volume growth helped to bring EBIT to the upper end of the most recent forecast range.

Fibertex Personal Care reported a revenue improvement for 2012 that was mainly driven by larger volumes in Malaysia due to the greater output capacity resulting from the factory extension towards the end of 2011, and the company's EBIT was slightly higher than the most recent forecast range.

Fibertex Nonwovens lifted its revenue considerably in 2012. The improvement was due to the full-year effects of the French company Fibertex Nonwovens S.A., which was only recognised in the financial statements as from the time of acquisition in May 2011, and to a stronger level of business activity during much of the year. Fibertex Nonwovens also improved earnings by a considerable margin, reporting EBIT in line with the most recent forecast range.

Grene reported improvements in both revenue and earnings. Denmark and Poland had the best improvements in revenue, while Denmark and Russia were the biggest movers earningswise. In addition, EBIT turned out a good deal higher than the most recent forecast range.

Hydra-Grene generated a revenue improvement in 2012 based on an increase in sales to the wind turbine industry, whereas sales to other parts of industry were largely in line with 2011. Hydra-Grene's EBIT was in line with the year before and in line with the most recent forecast range.

Martin achieved a good revenue improvement in 2012, mainly thanks to some very successful product launches. The improvement was accompanied by a substantial earnings improvement and Martin's EBIT was at the upper end of its most recent forecast range. Martin has been sold and is therefore not recognised in consolidated revenue and EBIT.

Xergi, the 50%-owned subsidiary, did not quite meet the expectations expressed at the beginning of the year, mainly due to delayed and postponed projects, while the associate Incuba turned last year's loss into a moderate profit.

Group developments

The most significant event of the year was the sale of Martin Professional to US corporation Harman International Industries. Signed on December 19, 2012, the deal was valued at about DKK 917 million. The transaction was subject to regulatory approval, which was subsequently received, and the deal was finalised at the end of February 2013.

In other events, several of our portfolio companies expanded their business activities during the year. In July, BioMar officially opened a new factory in Costa Rica, and production from the site was gradually increased over the second half of the year.

Fibertex Personal Care expanded production during the year at its newest production line in Malaysia. In addition, the company has announced plans for a further extension of the facility in Malaysia, which will increase capacity by about 30% in 2014.

Fibertex Nonwovens acquired a majority shareholding in French nonwovens manufacturer Tharreau Industries in 2011 and bought the rest of the shares in 2012, before delisting the company. Effective at the beginning of 2012, the company changed its name to Fibertex Nonwoven S.A. and is now wholly owned by Fibertex Nonwovens.

Grene completed a demerger of its Polish organisation into two units: one to run the wholesale operations, mirroring the Grene operations in other countries, the other to operate Grene's many retail outlets spread across Poland. Grene is also expanding its warehouse facilities in Poland and is working on a major expansion of its warehouse facilities in Denmark.

Special risks

Schouw & Co. is an industrial conglomerate whose activities are distributed on various business areas and which also holds a portfolio of securities and a few other assets. By diversifying its businesses, the Group spreads its ordinary business risk exposure related to its individual business areas. It is important to Schouw & Co. that individual companies cannot jeopardise the overall Group.

However, over the past few years, BioMar has grown to a size that in terms of a number of key ratios represents more than half of the consolidated group. Accordingly, the risks that specifically attach to BioMar weigh heavily in a consolidated perspective. In addition to the business risks and risks that inherently follow from being a producer of quality feed, the risks that are particular to BioMar involve the biological and climatic issues relating to fish farming.

Several of the Group's business areas rely on certain raw materials and are thus sensitive to large fluctuations in the prices of such raw materials. This applies in particular to BioMar and the two Fibertex companies, but they widely apply automatic price

adjustment mechanisms in their customer contracts.

For all of the Group's companies, the economic slump continues to cause generally heightened uncertainty with respect to trade receivables. All Group businesses are very attentive to following up on receivables. The Group has only to a limited extent taken out insurance against losses on receivables.

The Group has interest-bearing debt, some of which has short-term maturities, while some carries floating interest rates, resulting in overall ordinary risk.

The majority of the company's activities are located in Denmark and elsewhere in Europe, but it also has substantial assets outside of Europe, primarily in Malaysia and Chile.

The Group believes that it has ordinary insurance cover for its assets.

Events after the balance sheet date

On January 23, 2013, the Group sold 1,000,000 shares in Lerøy at a price of DKK 145 million. The carrying amount at December 31, 2012 was DKK 132 million.

The divestment of Martin was finalised on February 28, 2013. The gain from the sale will be recognised in the first quarter of 2013.

After the end of the financial year, Grene entered into an agreement to merge its Finnish activities with peer company Noramaa OY. The joint venture, in which Grene will have a 56% stake, will have a total annual revenue of about DKK 75 million.

Other than as set out above and elsewhere in this Annual Report, Schouw & Co. is not aware of events occurring after December 31, 2012, which are expected to have a material impact on the Group's financial position or outlook.

Income statement and cash flows

Revenue

Consolidated revenue was up by DKK 1,404 million from DKK 11,074 million in 2011 to DKK 12,478 million in 2012. The full-year consolidation of the French company Fibertex Nonwovens compared with only eight months in 2011 contributed about DKK 150 million of the revenue growth. Higher exchange rates had a net effect on the consolidated revenue of about DKK 380 million. Adjusting for these two factors leaves organic revenue growth of DKK 874 million, equivalent to a growth rate of 7.9%. The improvement was broadly founded in all business areas, but BioMar in particular contributed strongly, producing 8.4% revenue growth and accounting for about 70% of the organic growth. Selling prices closely related or contractually tied to raw materials prices lifted revenue due to higher raw materials prices for the BioMar and Fibertex businesses.

Accounting treatment of discontinued operations

The agreement to divest Martin means that the company is now recognised under discontinued operations and is not consolidated for 2012. The comparative figures for 2011 have been restated with respect to the income statement, whereas the balance sheet is not restated.

Accounting policies

Effective January 1, 2012, Schouw & Co. implemented amendments to existing accounting standards and interpretations including to IFRS 7 and IAS 12 but has otherwise made few reclassifications, and these have affected only a few aspects of presentation. The changes have no effect on neither profit/loss for the year nor equity.

Apart from the above, the accounting policies are unchanged from last year.

Operating profit

Operating profit (EBIT) was DKK 772 million, an increase of DKK 128 million, or 20%, from DKK 644 million in 2011. The improvement derived mainly from BioMar (earnings improvement of DKK 77 million) and Fibertex Nonwovens (improvement of DKK 35 million). Fibertex Personal Care and Grene improved their revenue by DKK 8 million and DKK 7 million, respectively, while Hydra-Grene reported a minor fall of DKK 2 million.

Income from investments in associates

There was a net loss after tax from investments in associates of DKK 5 million against a loss of DKK 26 million in 2011. The loss was mainly ascribable to the DKK 6 million loss in Fibertex South Africa, while other associates contributed a net profit of just over DKK 1 million.

Financial income and expense

The Group's financial items amounted to a net expense of DKK 154 million, compared with a net expense of DKK 643 million in 2011. Financial items were strongly affected by the unrealised negative value adjustments of the financial investments in Vestas and Lerøy totalling DKK 68 million, compared with DKK 556 million in 2011. The value adjustments for 2012 were a negative adjustment of DKK 121 million for Vestas and a positive adjustment of DKK 52 million including dividends for Lerøy.

Calculated net of the effect of the financial investments, net financial expenses fell by DKK 1 million to DKK 86 million.

Income tax

Schouw & Co. incurred a profit before tax for the year of DKK 613 million. Tax on the profit for the year was an expense of DKK 145 million, for an effective tax rate of almost 24%.

Profit/loss on discontinued operations

On December 19, 2012, Schouw & Co. entered into an agreement to sell Martin. As a result, Martin was reclassified to discontinued operations effective on that date. Comparative figures have been restated accordingly. The transaction was finalised effective February 28, 2013. Accordingly, the gain from the sale will not be recognised until in the first quarter of 2013. The transaction had a total value of around

DKK 917 million. The parties agreed to a price of DKK 820 million on a debt-free basis, not including Martin's premises in Frederikshavn, Denmark, which have an aggregate carrying amount of DKK 97 million and will be leased to Martin going forward. Accordingly, these properties have not been reclassified to discontinued operations.

Discontinued operations produced a profit of DKK 29 million against a loss of DKK 17 million in 2011. The share of the profit for 2012 consists of Martin's profit after tax for 2012 plus depreciation and amortisation charges after December 19, 2012 less selling costs incurred.

Cash flow statement

Cash flows from operations for the year before changes in working capital improved by DKK 184 million to DKK 1,172 million. Working capital was up by DKK 111 million in 2012, or by 6%. Net of interest and taxes paid, cash flows from operations more than doubled to DKK 862 million from DKK 422 million in 2011.

The overall net cash flows for investing activities fell from DKK 764 million in 2011 to DKK 365 million in 2012. The explanation for the fall is that in 2011 we spent DKK 207 million on a company acquisition in addition to making large investments in property, plant and equipment in BioMar and Fibertex Personal Care, as both of these businesses completed projects involving capacity-increasing facilities in 2011. Investments in property, plant and equipment fell from DKK 553 million in 2011 to DKK 342 million in 2012.

At DKK 862 million, the cash flows from operating activities were DKK 497 million larger than the total investment for the year of DKK 365 million, which explains much of the DKK 535 million fall in interest-bearing debt. In addition, dividends paid to the shareholders amounted to DKK 94 million and DKK 36 million was used to acquire minority interests.

Cash and cash equivalents at year end, comprising bank deposits, fell by DKK 134 million to stand at DKK 407 million at December 31, 2012.

Acquisitions and divestments

At the beginning of 2012, the Schouw & Co. Group had an 89.64% ownership interest in Tharreau Industries, a French nonwovens manufacturer, which changed its name to Fibertex Nonwovens S.A. at January 1, 2012. In June 2012, Fibertex Nonwovens increased its ownership interest in the French company by 9.1 percentage points, bringing it to 98.8% at June 30, 2012. Subsequently, the company launched the formal process to compulsorily redeem the remaining shares and obtained sole ownership in September.

The most significant event of the year in terms of acquisitions and divestments was the sale of Martin Professional to US corporation Harman International Industries. Signed on December 19, 2012, the deal was valued at about DKK 917 million, and the immediate effect in terms of the 2012 annual report is that Martin is now recognised under discontinued operations and is not consolidated for 2012. The full effect of the sale – receipt of the sales proceeds and recognition of a profit – will not be recognised until closing of the transaction on February 28, 2013.

The Group completed no other acquisitions or divestments in 2012.

The Group's capital resources

Recent years' global economic slump and the financial sector's more restrictive credit policies have increased the general attention paid to capital resources, financial strength and other key credit-related ratios.

Having reduced its net interest-bearing debt to a ratio of 1.7 times EBITDA in 2012 and considering its relatively high equity ratio, the Schouw & Co. Group is very strongly positioned in the current situation. Accordingly, the Group has the ability to maintain and expand its production apparatus as well as to carry out product development and innovation, while at the same time servicing its debt and paying stable dividends.

The consolidated net interest-bearing debt for the continuing operations amounted to DKK 2,023 million at December 31, 2012.

The total interest-bearing debt amounted to DKK 2,449 million, of which 36% was categorised as non-current and 64% as current liabilities. Some 73% of the Group's total debt is floating rate. In terms of currencies, 28% is in Danish kroner and 37% is in euros. The rest is denominated in local currencies in markets where the Group has material business activities.

At December 31, 2012, the Group had capital resources of about DKK 1.7 billion consisting of unutilised credit facilities, cash and cash equivalents and marketable securities. In addition, the Group has well-established relations with its financial business partners.

Balance sheet

Dividends

The Board of Directors recommend to the Annual General Meeting that the dividend for 2012 be raised by 25% to DKK 5 per share, for total dividend payments of DKK 128 million, equal to 3.4% of the market capitalisation at December 31, 2012.

Assets

The Schouw & Co. Group's total assets amounted to DKK 10,381 million at December 31, 2012 compared with DKK 9,901 million at December 31, 2011. The DKK 480 million increase in total assets covers a number of material and opposing factors.

Overall, intangible assets fell by DKK 131 million. The main explanation was the reclassification of Martin's intangible assets of DKK 124 million to "Assets held for sale".

Property, plant and equipment were down by DKK 2 million, the decrease consisting of several opposing factors. The value of assets in foreign units was lifted by DKK 57 million due to an increase in foreign exchange rates alone. Depreciation and amortisation charges for the year were DKK 22 million higher than the net additions for the year. Also, property, plant and equipment of DKK 38 million was reclassified to "Assets held for sale".

In other non-current assets, investments in associates fell by DKK 13 million from DKK 63 million to DKK 50 million. Most of this amount (DKK 11 million) was the reclassification of Martin's associates to "Assets held for sale".

Securities fell by DKK 68 million, the amount consisting of unrealised capital losses on shares in Vestas less a capital gain on shares in Lerøy. The Group's holding of Vestas shares fell by DKK 121 million to DKK 127 million at the end of the year. The value of the Group's holding of shares in Lerøy increased by DKK 51 million. The Lerøy shares are recognised in current assets at a value of DKK 132 million.

Non-current receivables and deferred tax assets fell by DKK 68 million to stand at DKK 309 million. Of the non-current receivables, DKK 106 million involved an investment grant relating to Fibertex Personal Care in Malaysia.

Current assets increased by a total of DKK 84 million. The increase is made up of Martin's current assets of DKK 514 million, which were reclassified to "Assets held for sale", and an increase in continuing operations of DKK 598 million, of which increases in inventories and trade receivables accounted for DKK 210 million and DKK 464 million, respectively. The increase in both items was driven almost entirely by BioMar, due to its 13% increase in revenue and substantial increase in trade receivables.

Securities recognised in current assets were up by DKK 51 million and, as mentioned, consist of Lerøy shares. Cash and cash equivalents amounted

to DKK 393 million at December 31, 2012, a fall of DKK 149 million.

Shareholders' equity

Consolidated equity including minorities grew by a total of DKK 397 million in 2012, the main reason for the increase being the profit for the year of DKK 498 million. Payment of dividends for 2011 reduced shareholders' equity by a net amount of DKK 94 million. In addition, a number of minor items also caused changes in shareholders' equity. Foreign exchange adjustments in foreign units had a positive effect of DKK 37 million. The acquisition of minority shareholdings in Fibertex Nonwovens S.A. reduced minority interests by DKK 32 million. Lastly, value adjustment of hedging instruments, option programmes etc. reduced equity by DKK 12 million. Accordingly, Schouw & Co.'s shareholders' equity including minority interests amounted to DKK 4,627 million at December 31, 2012 (equity ratio of 44.6%), compared with DKK 4,230 million a year earlier (equity ratio of 42.7%).

Treasury shares

At December 31, 2011, Schouw & Co. held 2,008,363 treasury shares, corresponding to 7.88% of the share capital. No additional treasury shares were acquired in 2012, whereas 70,000 treasury shares were sold for use in the Group's share option programme. Accordingly, Schouw & Co. held 1,938,363 treasury shares at December 31, 2011, corresponding to 7.60% of the share capital. The portfolio of treasury shares is recognised at DKK 0.

Liabilities

The Group's total liabilities amounted to DKK 5,230 million at December 31, 2012 compared with DKK 5,671 million at December 31, 2011. The DKK 441 million reduction is due to Martin's liabilities of DKK 572 million being reclassified to "Assets held for sale", and a DKK 131 million increase in liabilities of continuing operations.

Of the total liabilities, the interest-bearing debt amounted to DKK 2,449 million, a fall of DKK 875 million relative to December 31, 2011. DKK 410 million of the reduction was Martin's interest-bearing debt, which was reclassified to "Assets held for sale".

Trade payables and other liabilities increased by DKK 447 million to stand at DKK 2,484 million. DKK 161 million of the increase was liabilities in Martin, which was reclassified to "Assets held for sale".

Outlook

Outlook

Our portfolio companies generally had a successful year in 2012, and the substantial revenue improvement, combined with a moderate change in costs, produced historically good financial results.

Expectations for 2013 are generally moderate, but on a consolidated level, we expect to continue a strong performance, because our businesses have maintained good competitive strength. Adjustments have been made in preparation for the expected market conditions, and new business initiatives have been taken that can provide a foundation for profitable growth.

We continue to monitor very closely the economic turbulence currently affecting a large number of markets, especially in southern Europe. Some of our businesses are very sensitive to the situation while others are more robust.

We remain focused on optimising existing operations and phasing out non-strategic activities not generating sufficient profitability. Efficient use of capital will, as always, be a top priority.

After several years of strong growth in its important markets in Norway and Chile, BioMar expects 2013 to be a year of, at best, unchanged overall markets or, more likely, a slight contraction. BioMar expects a revenue increase in 2013, but the improvement will be driven by higher prices of raw materials, and the company lowers its earnings forecast somewhat relative to the good results of 2012.

Fibertex Personal Care expects the greater production capacity in Malaysia to take full effect in 2013 and to produce a revenue improvement. In light of the current market situation earnings are expected to relatively improve by slightly less than revenue.

Fibertex Nonwovens expects 2013 to be a year of economic downturn and challenging market conditions, like 2012, but the company stands to capitalise on the efficiency-improving measures implemented and on an increase in the sale of new products and therefore forecasts

moderate improvements in revenue and earnings.

Grene expects 2013 to be a rather challenging year. The measures implemented in recent years and new initiatives launched expects to generate revenue in line with or slightly higher than in 2012, whereas the earnings forecast is lowered somewhat relative to the good performance of 2012.

Hydra-Grene expects a drop in sales to the wind turbine industry in 2013, as many of its customers are affected by the general economic downturn. The drop in sales is not expected to be fully offset by the otherwise positive sales outlook to other parts of industry and to aftermarket customers. As a result, Hydra-Grene expects moderate declines in revenue and earnings in 2013.

The profit guidance for other businesses includes Xergi, which expects to improve both revenue and earnings in 2013.

Overall, Schouw & Co. expects to generate consolidated revenue in the vicinity of DKK 13.5 billion in 2013. The revenue may change quite substantially due to changes in raw materials prices, without necessarily having any effect on profit.

Schouw & Co. applies a profit forecast range for each individual business, and aggregating these ranges indicates consolidated EBIT guidance for 2013 within the range of DKK 680-770 million.

As in previous years, earnings are expected to be unevenly distributed over the year and to be lowest in the first quarter and highest in the third quarter of the year.

Consolidated financial items for 2013 are expected to be an expense in the region of DKK 80 million, excluding the effects from financial investments.

The profit for the year will be lifted by the gain from the sale of Martin, but this gain is not included in consolidated EBIT. We expect to provide a more detailed breakdown of the gain in the Q1 2013 interim report.

DKKm	EBIT forecast	EBIT actual	Revenue forecast	Revenue actual
	2013	2012	2013	2012
BioMar	380-420	438	c. 9,000	8,227
Fibertex Personal Care	160-170	156	c. 1,600	1,459
Fibertex Nonwovens	25-35	28	c. 950	901
Grene	75-85	93	c. 1,400	1,353
Hydra-Grene	50-60	67	c. 500	527
Other (incl. eliminations)	(0-10)	(10)	c. 50	11
Total	680-770	772	c. 13,500	12,478
Associates	(5)	(5)		
Financial investments	-	(68)		
Other financial items	(80)	(86)		
Profit before tax	595-685	613		

Board of Directors



CHAIRMAN

Jørn Ankær Thomsen

Born 1945. Elected to the Board in 1982. Current term expires in 2014.

LL.M., University of Copenhagen. Attorney and partner of Gorrissen Federspiel Law Firm. Member of the company's audit committee. Mr Ankær Thomsen has special expertise in legal matters, including company law and capital markets, and in strategy, financial reporting, treasury and finance, as well as mergers and acquisitions.

DIRECTORSHIPS

Chairman: Aida A/S, Carlsen Byggecenter Løgten A/S, Th. C. Carlsen Løgten A/S, Carlsen Supermarked Løgten A/S, Danish Industrial Equipment A/S, Den Professionelle Forening Danske Invest Institutional, Fibertex Nonwovens A/S, Fibertex Personal Care A/S, F.M.J. A/S, Fåmandsforeningen Danske Invest Institutional, GAM Holding A/S, GAM Wood A/S, Givisco A/S, Investeringsforeningen Danske Invest, Investeringsforeningen Danske Invest Select, Kildebjerg Ry A/S, Løgten Midt A/S, Niels Bohrs Vej A/S, Placeringsforeningen Profil Invest, Schouw & Co. Finans A/S, Specialforeningen Danske Invest, Søndergaard Give A/S.

Deputy Chairman: Carletti A/S, P. Grene A/S, Jens Eskildsen og Hustru Mary Antonie Eskildsens Mindefond.

Board member: ASM Foods AB (Sweden), BioMar Group A/S, Dan Cake A/S, Danske Invest Management A/S, Develco Products A/S, Ejendomselskabet Blomstervej 16 A/S, Givisco Bakery A/S, Hydra-Grene A/S, Vestas Wind Systems A/S, Købmand Th. C. Carlsens Mindefond.

Executive Management: Advokatpartnerselskabet Jørn Ankær Thomsen, Perlus ApS.

SHARES HELD IN SCHOUW & CO.

Holds 33,220 shares in Schouw & Co.

INDEPENDENCE AS A BOARD MEMBER

Jørn Ankær Thomsen is not considered to be independent due to his affiliation with the main shareholder Givisco A/S, his affiliation with a law firm which acts as an adviser to the company and the fact that he has served more than 12 years on the Board.



DEPUTY CHAIRMAN

Erling Eskildsen

Born 1941. Elected to the Board in 1988. Current term expires in 2016.

Managing director of Givisco A/S, the main shareholder of Schouw & Co. Mr Eskildsen has special expertise in international business relations, including specifically in manufacturing and foods.

DIRECTORSHIPS

Chairman: Carletti A/S, Dan Cake A/S, Dan Cake Services ApS, Givisco Bakery A/S, Leighton Foods A/S.

Board member: Danish Industrial Equipment A/S, Givisco A/S, P. Grene A/S, Hydra-Grene A/S, Jens Eskildsen og Hustru Mary Antonie Eskildsens Mindefond, OK Snacks A/S, Struer Brød A/S, Søndergaard Give A/S.

Executive Management: Danish Industrial Equipment A/S, Givisco A/S, Søndergaard Give A/S.

SHARES HELD IN SCHOUW & CO.

Holds 1,004,462 shares in Schouw & Co.

INDEPENDENCE AS A BOARD MEMBER

Erling Eskildsen is not considered to be independent due to his affiliation with the main shareholder Givisco A/S and the fact that he has served more than 12 years on the Board.



BOARD MEMBER

Niels Kristian Agner

Born 1943. Elected to the Board in 1998. Current term expires in 2014.

B.Sc. (Bus.Adm.), Copenhagen Business School and a professional board member. Chairman of the company's audit committee. Mr Agner has special expertise in capital markets, strategy, financial reporting, treasury, finance and international relations, as well as mergers and acquisitions.

DIRECTORSHIPS

Chairman: SP Group A/S, SP Moulding A/S.

Board member: Dantherm A/S, Dantherm-Fonden, D.F. Holding, Skive A/S, G.E.C. Gads Forlag A/S.

Executive Management: Pigro Management ApS.

SHARES HELD IN SCHOUW & CO.

Holds 26,000 shares in Schouw & Co.

INDEPENDENCE AS A BOARD MEMBER

Niels Kristian Agner is no longer considered to be independent, having served more than 12 years on the Board.



BOARD MEMBER

Erling Lindahl

Born 1945. Elected to the Board in 2000. Current term expires in 2016.

Mechanical engineer from Sønderborg Technical College, Denmark. Managing Director of Momenta ApS. Mr Lindahl has special expertise in management and business development of industrial manufacturing companies as well as mergers and acquisitions and international business relations.

DIRECTORSHIPS

Chairman: Kontorhuset Svendborg A/S, Lindl Group A/S, Venti A/S.

Board member: Lindahl & Co. ApS, Lübker Square K/S, Momenta Invest A/S, Moprre A/S, Skandinavisk Båndkompagni A/S.

Executive Management: BLM Foods ApS, Lindahl & Co. ApS, Lübker Square K/S, Momenta ApS, Momenta Invest A/S, Moprre A/S.

SHARES HELD IN SCHOUW & CO.

Holds 85,800 shares in Schouw & Co.

INDEPENDENCE AS A BOARD MEMBER

Erling Lindahl is no longer considered to be independent, having served more than 12 years on the Board.



BOARD MEMBER

Kjeld Johannesen

Born 1953. Elected to the Board in 2003. Current term expires in 2015.

Business diploma (HD), Marketing economics, Copenhagen Business School. CEO of Danish Crown a.m.b.a. Mr Johannesen has special expertise in management, production and sales as well as in strategy, business development and international business relations.

DIRECTORSHIPS

Chairman: DAT-Schaub A/S, DC France SA, pork division, DC UK Ltd., DC USA Inc., Confederation of Danish Industry's committee on business policy, KLS Ugglarps AB.

Deputy Chairman: Saturn Nordic Holding AB, Employers' Organisation of the Danish Slaughterhouse Industry, Sokolow SA.

Board member: Daka Denmark A/S, DC Trading Japan Ltd., Plumrose USA Inc., Tulip Ltd., Tulip Food Company A/S.

Executive Management: Danish Crown a.m.b.a., Danish Crown A/S.

SHARES HELD IN SCHOUW & CO.

Holds 20,000 shares in Schouw & Co.

INDEPENDENCE AS A BOARD MEMBER

Kjeld Johannesen is considered to be independent.

Directorships in other companies and other relevant management positions. Shareholdings include each board member's or executive's shares in Schouw & Co. and those held by their related parties.

Executive management



BOARD MEMBER

Jørgen Wisborg

Born 1962. Elected to the Board in 2009. Current term expires in 2013.

MSc, Aarhus School of Business and CEO of OK a.m.b.a. Member of the company's audit committee. Mr Wisborg has special expertise in management and sales as well as in strategy, business development, financial reporting, treasury and finance.

DIRECTORSHIPS

Chairman: Danoil Exploration A/S, DK-Benzin A/S, Energidata ApS, Kamstrup A/S, OK Plus A/S, Samfinans A/S.

Deputy Chairman: Energi- og olieforum.

Board member: Miljøforeningen af 1992.

Executive Management: OK a.m.b.a., Rotensia ApS.

SHARES HELD IN SCHOUW & CO.
Holds 15,000 shares in Schouw & Co.

INDEPENDENCE AS A BOARD MEMBER

Jørgen Wisborg is considered to be independent.



BOARD MEMBER

Agnete Raaschou-Nielsen

Born 1957. Elected to the Board in 2012. Current term expires in 2016.

PhD, University of Copenhagen and a professional board member. Ms Raaschou-Nielsen has special expertise in business development and acquisitions, macroeconomics, emerging markets, as well as international production, sales and marketing.

DIRECTORSHIPS

Chairman: Brødrene Hartmann A/S, Juristernes og Økonomernes Pensionskasse.

Deputy Chairman: Den Professionelle Forening Danske Invest Institutionale, Fåmandsforeningen Danske Invest, Investeringsforeningen Danske Invest Select, Placeringsforeningen Profil Invest, Specialforeningen Danske Invest.

Board member: Arkil A/S, Arkil Holding A/S, Dahlhoff Larsen & Horneman A/S, Danske Invest Management A/S, Novozymes A/S, Solar A/S.

SHARES HELD IN SCHOUW & CO.
Holds 0 shares in Schouw & Co.

INDEPENDENCE AS A BOARD MEMBER

Agnete Raaschou-Nielsen is considered to be independent.



PRESIDENT

Jens Bjerg Sørensen

Born in 1957. Appointed in 2000.

Business graduate, Niels Brock Business College, Business diploma (HD), Marketing economics, Copenhagen Business School, IEP – Insead Executive Programme, Insead, France.

DIRECTORSHIPS

Chairman: BioMar Group A/S, Dovista A/S, P. Grene A/S, Hydra-Grene A/S.

Deputy Chairman: Fibertex Nonwovens A/S, Fibertex Personal Care A/S, Xergi A/S.

Board member: Aida A/S, F.M.J. A/S, Fonden bag udstilling af skulpturer ved Aarhusbugten, Fonden Aarhus 2017, Incuba A/S, Købmand Herman Sallings Fond, Niels Bohrs Vej A/S, Schouw & Co. Finans A/S, Tryg A/S, Tryg Forsikring A/S, Tryghedsgruppen SMBA.

Executive Management: Jens Bjerg Sørensen Datterholding I ApS, Jens Bjerg Sørensen Holding ApS, Saltebakken 29 ApS, Schouw & Co. Finans A/S.

SHARES HELD IN SCHOUW & CO.
Holds 49,804 shares in Schouw & Co.



VICE PRESIDENT

Peter Kjær

Born in 1956. Appointed in 1993.

BSc, Electronic Engineering, Engineering College of Aarhus, Business diploma (HD), Marketing economics, Aarhus School of Business, MBA from IMD, Lausanne, Switzerland.

DIRECTORSHIPS

Chairman: Erhverv Aarhus, Helsingforsgade 25 Aarhus A/S, Incuba Science Park A/S, Østjysk Innovation A/S.

Deputy Chairman: Den Gamle By.

Board member: P. Grene A/S, Grene Danmark A/S, Grene Dustrybcuja Sp. z o.o., Grene Industri-service A/S, Grene Sp. z o.o., Hydra-Grene A/S, Niels Bohrs Vej A/S, Xergi A/S.

Executive Management: Incuba A/S, Niels Bohrs Vej A/S, Saltebakken 29 ApS, Udlejningselskabet Nordhavnsvej 1-3 st. th. ApS.

SHARES HELD IN SCHOUW & CO.
Holds 36,260 shares in Schouw & Co.

Investor information

Financial calendar

April 11, 2013
Annual General Meeting

May 2, 2013
Release of the Q1 2013 interim report

August 15, 2013
Release of the H1 2013 interim report

November 7, 2013
Release of the Q3 2013 interim report

Capital and share structures

The shares of Aktieselskabet Schouw & Co. are listed on NASDAQ OMX Copenhagen under ISIN code DK0010253921.

The company has 25,500,000 issued shares of DKK 10 nominal value, equal to a total share capital of DKK 255,000,000 nominal value. Each share carries one vote, and no share carries any special rights, no restrictions apply as to the transferability of the shares.

The Board of Directors reviews the company's capital and share structures at least once a year, giving priority to retaining a high equity ratio in order to ensure the necessary financial versatility. At its most recent review in December 2012, the Board of Directors found the company's capital and share structures to be appropriate and adequate relative to the proposed dividends for the 2012 financial year.

Register of shareholders

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

Shareholder structure

Schouw & Co. has some 7,600 registered shareholders of whom at the end of 2012 the following are listed in the company's register in accordance with section 56 of the Danish Companies Act:

Givesco A/S	28.09%
Direktør Svend Hornsylds Legat	14.82%
Aktieselskabet Schouw & Co.	7.60%

Pursuant to the provisions of Section 31 of the Danish Securities Trading Act, the three shareholders Givesco A/S, Direktør Svend Hornsylds Legat and Erling Eskildsen, who holds 3.94%, are considered as a single shareholder of Schouw & Co. The three shareholders hold in aggregate 46.85% of the shares in the company.

Members of the Board of Directors and the Executive Management of Schouw & Co. and their connected persons held a total of 1,184,482 and 86,064 shares, respectively, in the company at December 31, 2012.

Treasury shares

At the end of 2012, the company held 1,938,363 treasury shares, equal to 7.60% of the share capital.

The market value of the holding of treasury shares was DKK 289 million at December 31, 2012. The portfolio of treasury shares is recognised at DKK 0.

Price performance

The Schouw & Co. share closed the year at a price of DKK 149.00 (official year-end price), compared with DKK 92.50 per share at December 31, 2011, corresponding to an increase of 61.1%.

Accordingly, the total market capitalisation of the company's listed share capital amounted to DKK 3,800 million at the close of the financial year, against DKK 2,359 million at the close of 2011. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 3,511 million at December 31, 2012.

Incentive plans

Since 2003, Schouw & Co. has operated a share-based incentive programme comprising the Executive Management and senior managers, including the executive managements of subsidiaries.

Under the share-based incentive programme, Schouw & Co. awarded, in March 2012, a total of 55,000 share options to members of the Executive Management (two persons) and a total of 184,000 share options to other senior managers, including the executive managements of subsidiaries (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 2013 financial year at a strike price of DKK 133.20 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.

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

The company's annual and interim reports and its stock exchange announcements of the last three

Special Award from the Danish Society of Financial Analysts

At the beginning of 2013, Schouw & Co. received the Special Award for 2012 from the Danish Society of Financial Analysts. This is an annual award given to a listed company in recognition of a high level of information and openness in its reporting. The Association commended Schouw & Co. for its very good efforts in connection with the segmentation of financial data and its breakdown of guidance as well as its continual improvements in the level of information provided about its strategy and the companies of the Group.

years are available from its website, 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 webcast in order to ensure that all investors have equal access. Presentations are available for subsequent viewing on the company's website.

Schouw & Co. also occasionally holds meetings with investors and other parties. Presentations from such meetings are also available from the company's website.

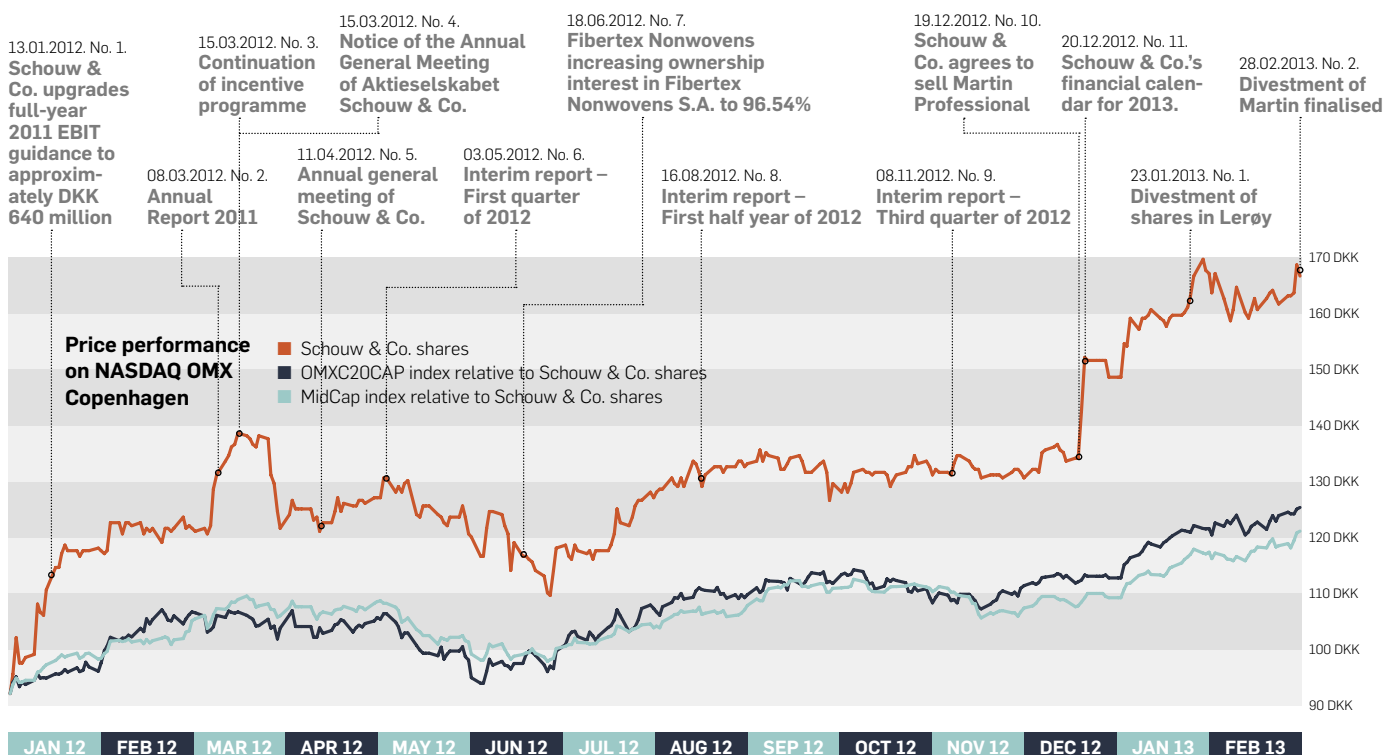
Schouw & Co. observes a three-week silent period ahead of releasing financial reports. Dur-

ing such periods, our financial communications are subject to special restrictions.

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

Schouw & Co.'s website – www.schouw.dk – contains press releases and company announcements to the Copenhagen Stock Exchange, full-year and interim financial statements, as well as more detailed information on the Group. On the website, interested parties can also subscribe to the company's news service.

Company announcements to the Danish FSA and NASDAQ OMX Copenhagen since January 1, 2012. The announcements are available at the company's website, www.schouw.dk.



Corporate Governance

Statutory report

Schouw & Co. has prepared a statutory corporate governance report for the 2012 financial year, as required under section 107b of the Danish Financial Statements Act. The statutory report consists of three parts:

- A report on the company's work to comply with the recommendations on corporate governance, which is found below.
- A description of the main elements of the Group's internal control and risk management systems in connection with the financial reporting process, which is found on page 17.
- A description of the composition of the company's management bodies, committees established and their functions, which is found on pages 18-19. In addition, information on the company's Board of Directors and Executive Management can be found on pages 12-13.

Corporate governance recommendations

Schouw & Co. complies with the rules applying to companies listed on NASDAQ OMX Copenhagen, which include a code on corporate governance as set out in "Corporate Governance Recommendations".

The Board of Directors and the Executive Management of Schouw & Co. see corporate governance as a natural part of running a responsible business. Corporate governance considerations and the interaction with the company's stakeholders is a constant priority, and considering the company's corporate governance policy is a recurring item in the annual business of the Board meetings.

Schouw & Co. believes it complies in all material respects with the intentions of "Corporate Governance Recommendations" as issued by NASDAQ OMX Copenhagen. However, there are a few areas in which Schouw & Co. does not apply the corporate governance recommendations.

A detailed account of the company's position on each individual item of the Recommendations on Corporate Governance from NASDAQ OMX Copenhagen is provided on Schouw & Co.'s website: www.schouw.dk/cg2012.

Corporate social responsibility

Schouw & Co.'s general policy is for all of the Group's companies, as a minimum, to comply with relevant legislation and regulations applying in the countries and local communities in which they operate.

In addition, Schouw & Co. generally respects the ten principles on human rights, labour standards, the environment and anti-corruption as expressed in the UN Global Compact. The full wording of the ten principles is provided on Schouw & Co.'s website, www.schouw.dk.

It is important to Schouw & Co. that the Group's businesses endeavour to comply with the principles of human rights, labour standards and anti-corruption and that they seek assurance on reasonable standards when appointing business partners and suppliers.

Principles regarding the environment may require that a balance is struck between cost and effect, but Schouw & Co. believes it is important for the Group to maintain high standards when it comes to ensuring reasonable environmental issues and limiting environmental risks. In addition, the Group addresses environmental issues from a business criteria aspect with due consideration for the long-term perspectives and the Group's good reputation.

Schouw & Co. has implemented its CSR policy in the Group's guidelines for its subsidiaries in order to ensure that the managements of the Group's businesses are aware of the Group's general policy on the matter.

However, Schouw & Co. has not taken any structural initiatives to translate the Group's policy into specific action. Accordingly, the Group is unable to report on results achieved in the 2012 financial year.

The financial reporting process

As part of its statutory report on corporate governance, the company is required to describe the main features of the Group's internal control and risk management systems in relation to the financial reporting process.

Group structure

The Schouw & Co. Group consists of a number of legal corporate entities in an operational structure consisting of the parent company Schouw & Co. and a number of subsidiary portfolio companies each structured as focused sub-groups with their own subsidiaries.

Each individual portfolio company has a high degree of autonomy as well as its own organisation and management in charge of its operations.

Subsidiaries of the portfolio companies operate activities that are identical to or closely related to the general activities of the portfolio company, facilitating the establishment of uniform systems and procedures in the portfolio company.

The management of the portfolio company's ultimate entity is in charge of preparing and implementing reasonable and appropriate procedures and policies for the company and for ensuring a systematic and responsible controlling of the portfolio company's subsidiaries.

To support the individual managements of the portfolio companies, Schouw & Co. has issued a set of general guidelines for its subsidiaries.

In addition, the parent company Schouw & Co. conducts follow-ups on its directly-owned companies with a view to ensuring that the financial reporting presents a true and fair view without material misstatement.

The Board of Directors of Schouw & Co. has appointed an Audit Committee, whose tasks include monitoring the work and processes relating to the financial reporting.

Preparation of consolidated financial statements

The preparation of consolidated financial statements is based on the Group's financial reporting manual, which is intended to ensure a uniform application of accounting policies throughout the Group that is in accordance with the international financial reporting standards, IFRS/IAS, under which Schouw & Co. prepares its financial statements.

The financial reporting manual is updated on an

ongoing basis by the parent company Schouw & Co. as and when required by amendments to accounting standards and legislation. The financial reporting manual is available in electronic form to Group users.

Reporting of financial data from the Group's subsidiaries takes place in accordance with the instructions provided by the parent company in standard reporting packages transferred electronically into the parent company's financial consolidation system, thus reducing the risk of manual errors.

Auditors

Each year, the shareholders in annual general meeting appoint external auditors following a recommendation by the Board of Directors. Ahead of each recommendation, the Board of Directors makes a critical assessment of the auditor's independence and competencies, etc., in accordance with the Recommendations of Corporate Governance issued by NASDAQ OMX Copenhagen.

Auditors appointed by the shareholders in general meeting serve as auditors of all of the Group's major subsidiaries and associates. In a few foreign units, however, local auditors may be appointed for practical reasons, but audits in all group entities are conducted in accordance with instructions issued by the shareholder-appointed auditor with a focus on high-risk and material areas.

Shareholder-appointed auditors report in writing in the form of long-form audit reports to the entire Board of Directors at least once a year, and immediately on becoming aware of any matters to be brought to the attention of the Board of Directors. The independent auditor attends the meeting at which the Board considers the draft annual report, holding a private session with the Board and without the Executive Management attending, as proposed in the Recommendations on Corporate Governance.

The independent auditor also attends meetings of the audit committee, which are concluded with a private session of the audit committee without the attendance of the day-to-day management.

Internal audit

On the recommendation of the Audit Committee, the Board of Directors of Schouw & Co. has resolved not to establish an internal audit function, as it is not considered necessary given the size and structure of the Group.

Corporate Governance

Management bodies

As part of its statutory report on corporate governance, the company is required to describe the composition of the company's management bodies, committees established and their functions.

The Board of Directors of Schouw & Co.

The Board of Directors of Schouw & Co. consists of seven shareholder-elected members who elect a chairman and a deputy chairman from among their number.

Board members are elected for terms of four years and for purposes of continuity the individual members are up for election in different years. When a new Board candidate is nominated, emphasis is on the potential new member possessing the professional knowledge and experience to contribute to maintaining the necessary scope of competence on the Board and on the potential new member being able to act independently of special interests.

The Board of Directors carries out an annual self-assessment, applying a structured model. The chairman is responsible for carrying out the assessment, and the results are discussed by the entire Board. The Board of Directors performed its most recent self-assessment in December 2012, and it concluded that the Board works well as a unit and that, overall, it has the competencies necessary for it to perform its duties.

The Board of Directors is responsible for the overall management of the company, which includes appointing the members of the Executive Management, laying down guidelines for and exercising control of the work performed by the Executive Management, organising the company's business in a responsible manner, defining the company's business concept and strategy and evaluating the adequacy of the company's capital contingency programme.

The duties of the Board are set out in the company's rules of procedure, and Board meetings are conducted in accordance with a fixed master agenda, which over the full year ensures compliance with the Board's rules of procedure.

The Board of Directors held six Board meetings, a conference call and a two-day Board seminar in 2012, 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 Executive Management.

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.

Schouw & Co.'s Board committees

The Board of Directors of Schouw & Co. has appointed an audit committee consisting of Niels Kristian Agner (chairman), Jørn Ankær Thomsen and Jørgen Wisborg.

Jørgen Wisborg is considered to be independent, Niels Kristian Agner is not considered to be independent, having served on the Board for more than 12 years, and Jørn Ankær Thomsen is not considered to be independent due to his affiliation with the main shareholder Givesco A/S and his affiliation to a law firm which acts as an adviser to the company, and because he has served on the Board for more than 12 years.

All three members are considered to meet the requirements under the Auditors' Act on accounting qualifications.

The Audit Committee's task is mainly to monitor the work and processes relating to the financial reporting process. The Committee assists the Board in assessments and controls relating to auditing, accounting policies, systems of internal controls, financial reporting, etc.

The Audit Committee normally convenes four times a year, as was the case in 2012.

Due to the company's simple management structure, the Board of Directors believes that at the present time it is most appropriate that all Board members participate in the work to nominate candidates and determine remuneration. Accordingly, the Board of Directors has not set up a nomination committee or a remuneration committee.

The Executive Management of Schouw & Co.

The members of the Executive Management of Schouw & Co. are Jens Bjerg Sørensen, President, and Peter Kjær, Vice President. The members of the Executive Management are registered with the Danish Business Authority.

The Executive Management is in charge of the day-to-day management of the company both at parent company and consolidated level and complies with the guidelines and directions issued by the Board of Directors.

The day-to-day management does not include any transactions that, considering the company's circum-

stances, are of an unusual nature or of material importance. Such transactions can only be made by the Executive Management upon specific authority from the Board of Directors unless awaiting a decision by the Board of Directors would cause significant disadvantage to the activities of the company.

Management of the portfolio companies

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 in charge of the company's operations. Each portfolio company is structured as focused sub-groups with their own subsidiaries.

The boards of directors of the ultimate company of the individual portfolio companies are generally composed of a representative from each of the Board of Directors and the Executive Management of Schouw & Co. along with external board members who have a special interest in and knowledge of the particular portfolio company's business area.

The boards of directors of a portfolio company's underlying subsidiaries are generally composed of managers and employees from the portfolio company, possibly with a representative of the Executive Management of Schouw & Co. or external board members.

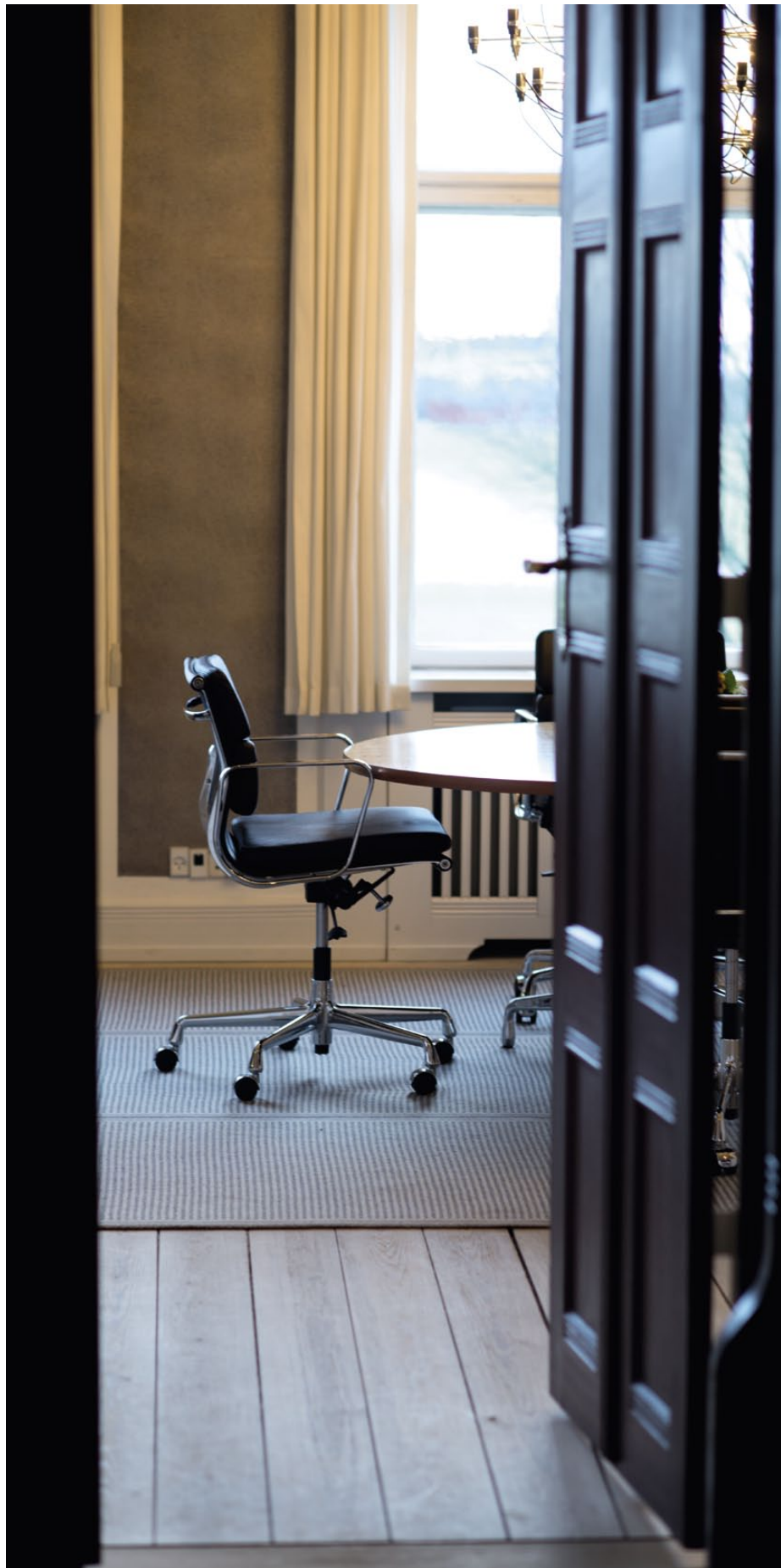
To support the individual managements of the portfolio companies, Schouw & Co. has issued a set of general guidelines for its subsidiaries.

Remuneration policy

Schouw & Co.'s remuneration policy is intended to firmly align the interests of the members of the Executive Management with those of the shareholders and the company.

The remuneration policy is a means of ensuring that the remuneration provided will always reasonably reflect the company's performance and current situation. In addition, it is intended to promote the long-term goals for safeguarding the company's interests.

The remuneration policy and the overall guidelines for incentive programmes can be found on the company's website, www.schouw.dk.



Global growth in fish farming

Financial performance

The very positive developments in BioMar from 2011 continued into 2012, although at reduced strength, with revenue up by 13%, from DKK 7,269 million in 2011 to DKK 8,227 million in 2012. The strong improvement was mainly attributable to a 10% volume increase, but also to slightly higher selling prices triggered by higher prices of raw materials.



Torben Svejgård,
CEO, BioMar

The largest volume increase was reported in Chile, driven by the continuing growth in that market and a slight improvement in market share. Continental Europe also reported fair relative growth, mainly based on improved market share. In Norway and Scotland, volumes were largely unchanged; in Norway based on lower market share in a larger overall market in the second half of the year, and in Scotland due to a

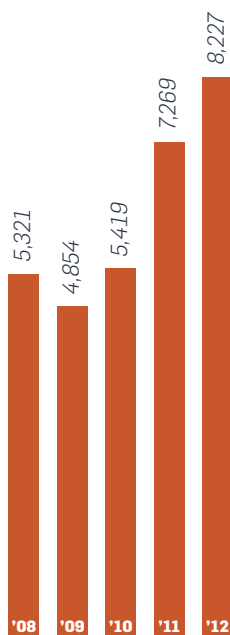
combination of slightly higher market share and an overall market that contracted due to an outbreak of amoebic gill disease in farmed fish stocks. The volume output in Costa Rica was as expected, but these operations play only a negligible role in a consolidated context.

The substantial volume growth combined with favourable developments in foreign exchange rates and an increase in the gross margin per kilo to produce a substantial earnings improvement. A relatively large increase in fixed costs had the opposite effect, but much of it was due to stepped-up R&D activities, which are an investment in the future.

As a result, EBIT improved from DKK 362 million in 2011 to DKK 438 million in 2012, which was at the upper end of the most recent forecast range. For the fourth quarter, EBIT fell from DKK 152 million in 2011 to DKK 94 million in 2012. Much of the setback was due to a DKK 31 million bad debt provision that it was necessary to take in 2012 due to the situation in Chile, whereas in the fourth quarter of 2011, BioMar reversed DKK 22 million in similar provisions.

Working capital increased from DKK 640 million at December 31, 2011 to DKK 796 million at December 31, 2012, in part due to the effect of the higher revenue and in part because of a relative increase in working capital in Chile. However, the increase in working capital was offset by strong earnings, so net interest-bearing debt was up by only DKK 31 million, reaching DKK 584 million at December 31, 2012, even after the company paid DKK 150 million in dividends during the period.

Revenue (DKKm)



Business Development

Chile's fish feed market continued its strong growth in 2012, but with considerable fluctuations during the year. After starting the year at a very high rate, growth gradually lost momentum, and year-on-year developments were negative in the final months of 2012. Although the strong growth was in itself a positive factor for BioMar, the much greater biomass also pushed down prices of Chilean-produced salmon. This situation increased the risk of bad debts and an increase in working capital was unavoidable.

The fish feed market in Norway also grew markedly in 2012, and also at a much higher rate in the first half than in the second half of the year. In addition to the greater biomass, the mild winter was a main factor in the fish feed market growing by almost a full 50% in the first quarter. The larger sup-

ply meant that European salmon prices also came under pressure, although the underlying strong demand in Europe prevented prices from falling by as much as they did in the Americas.

Fish farmers in Continental Europe had a difficult year due to fish prices falling over the course of the year. The debt crisis in southern Europe did not make things any easier, and BioMar allocated a large amount of resources to safeguard against its effects.

The new joint venture factory in Costa Rica began producing tilapia feed as planned, and production capacity was gradually increased during the second half of 2012. While it will only have a limited effect on BioMar's overall business, this project is of a certain strategic importance in the plans to expand the company's activities beyond its previous geographic coverage.

Outlook

BioMar expects to see changes to its two largest markets, Norway and Chile, in 2013 compared to recent years: at best, the overall markets are expected to retain their current sizes, but they are more likely to see a slight contraction. While this will obviously have a strong influence on BioMar's short-term expectations, it is considered to have a positive effect in the longer term, because it will help to boost salmon prices and thus improve the financial situation of BioMar's customers; reports early in 2013 confirmed this assumption. Especially the Norwegian market is expected shrink considerably in the early months of 2013 compared with the beginning of 2012, when weather conditions were extremely mild. BioMar expects that its remaining markets will be relatively stable.

BioMar expects FY 2013 revenue of about DKK 9 billion. The anticipated improvement on 2012 will be driven by higher raw materials prices, whereas the underlying business, measured by volume, is expected to be relatively stable. As always, revenue will depend strongly on how prices of raw materials develop. The FY EBIT is expected to be in the DKK 380-420 million range.

All amounts in DKK million	2012	2011
Volume (thousands of tonnes)	980	889
Revenue	8,227	7,269
- of which North Sea	3,879	3,734
- of which Americas	2,483	1,880
- of which Continental Europe	1,865	1,655
Direct production costs	(6,447)	(5,774)
Gross profit	1,780	1,495

All amounts in DKK million	2012	2011
INCOME STATEMENT		
Revenue	8,226.5	7,268.8
Gross profit	1,133.9	925.1
EBITDA	589.3	486.9
Depreciation	151.2	125.3
Operating profit (EBIT)	438.1	361.6
Value adjustment of shares in Lerøy	52.3	(99.8)
Financial items, net	(38.0)	(36.8)
Profit before tax	452.4	225.0
Tax for the period	(93.7)	(83.4)
Profit for the period	358.7	141.6

CASH FLOWS		
Cash flows from operating activities	271.7	133.4
Cash flows from investing activities	(124.5)	(200.0)
Cash flows from financing activities	(277.2)	109.5

BALANCE SHEET		
Intangible assets	324.4	335.5
Property, plant and equipment	1,088.3	1,076.3
Other non-current assets	73.8	59.8
Cash and cash equivalents	308.1	439.8
Other current assets	2,891.5	2,149.3
Total assets	4,686.1	4,060.7
Equity	1,777.0	1,568.7
Interest-bearing debt	891.6	992.2
Other creditors	2,017.5	1,499.8
Total liabilities and equity	4,686.1	4,060.7

Average number of employees	847	761
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FINANCIAL KEY FIGURES		
EBITDA margin	7.2%	6.7%
EBIT margin	5.3%	5.0%
ROIC	22.8%	22.1%
Working capital	796.1	640.1
Net interest-bearing debt	583.6	552.3

* Excluding goodwill on consolidation in Schouw & Co. of DKK 430.2 million

Global growth in personal care products

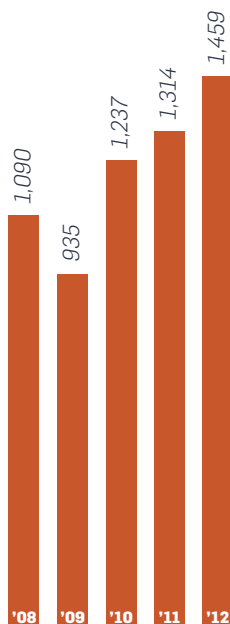
Financial performance

Fibertex Personal Care increased revenue by 11% from DKK 1,314 million in 2011 to DKK 1,459 million in 2012. The revenue improvement was mainly driven by increased volumes in Malaysia after a factory extension increased output capacity at the end of 2011.

EBIT improved from DKK 148 million in 2011 to DKK 156 million in 2012, which was slightly better than the most recent guidance range. The stronger business activity in Malaysia boosted the results, although that factor also caused higher depreciation charges due to the new production line.

Working capital was unchanged despite the higher level of activity. Net interest-bearing debt fell from DKK 589 million at December 31, 2011 to DKK 568 million at December 31, 2012, even after the company paid DKK 100 million dividends during the period.

Revenue (DKKm)



Business development

Fibertex Personal Care produces a number of materials used in nappies and other disposable personal hygiene products. The company has production facilities in Denmark and Malaysia and boasts a top three position in both Europe and South East Asia. On a global scale, Fibertex Personal Care is one of the world's largest manufacturers of spunmelt products for the personal care industry.

Fibertex Personal Care sells its products all over the world, with a main emphasis on Europe and South East Asia. Sales are directly to major international producers of nappies and other hygiene products through the company's sales organisations based in Denmark and Malaysia. A common denominator for these customers is that they require uniform materials of the highest quality.

Maintaining good professional relationships with customers is absolutely essential. The means



Mikael Staal Axelsen, CEO, Fibertex Personal Care

to achieving this is through extensive product development, as Fibertex Personal Care works closely with customers to optimise its products. These beneficial collaborations have resulted in a number of awards and distinctions from key customers. Having built up an R&D centre in Malaysia over the past few years, Fibertex Personal Care can now also provide service and innovation in Asia at the same high level

as the innovation centre in Denmark.

Setting high-quality targets and making a consistent effort to reduce its environmental footprint – through extensive energy-saving measures and specific projects to reduce materials consumption and reuse waste products – form a natural part of the business. It is important for Fibertex Personal Care to develop and manufacture products in an environmentally friendly manner, and with the introduction of an environmental management system the company has focused even more on the entire process, from product design to final delivery.

Fibertex Personal Care uses spunmelting as its basic technology in manufacturing products at its two factories in Denmark and Malaysia. Currently, the company produces quality nonwoven fabrics from six large production lines. Each line has its own speciality, ranging from super soft products to

products with high-performance leakage barriers and ultra-thin products. Three lines are in Denmark, and other three are in Malaysia; the newest one was put into operation at the end of 2011.

In the spring of 2012, Fibertex Personal Care announced plans for a further extension of the facility in Malaysia, which will increase capacity by about 30% in 2014. The project has now been launched, and construction work is underway. Almost DKK 90 million of the more than DKK 300 million investment was incurred in 2012. The most recent extension of the existing plant at Nilai close to Kuala Lumpur included preparations for this upcoming extension, which is expected to help Fibertex Personal Care share in the expected growth in the Asian markets.

Fibertex Personal Care is also a part owner of Innowo Print, a German company providing individualised printing directly on nonwoven fabrics.

Outlook

The global output capacity of nonwoven fabrics is constantly growing, leading to excess capacity in different regions from time to time. Fibertex Personal Care sees Europe as a market with limited growth potential and, as a result, a strong price pressure. Asia is a growing market in which price competition is also a factor, but where growing demand absorbs the surging supply in the region.

In 2013, the operational focus of Fibertex Personal Care will be on maintaining earnings by optimising production line operations, maintaining its high operational efficiency and ensuring high-capacity utilisation. The market focus will be on growing sales in order to accommodate the greater capacity and on passing on increases in raw materials prices by constantly aligning selling prices.

Fibertex Personal Care expects to generate revenue of about DKK 1.6 billion in 2013, but as always the revenue may be strongly affected by changes in prices of raw materials. In light of the current market situation, the FY EBIT is expected to be in the DKK 160-170 million range.

All amounts in DKK million	2012	2011
Revenue	1,459	1,314
- of which from Denmark	764	796
- of which from Malaysia	695	518

All amounts in DKK million	2012	2011
INCOME STATEMENT		
Revenue	1,459.2	1,313.7
Gross profit	252.3	238.1
EBITDA	277.3	242.8
Depreciation	121.4	94.4
Operating profit (EBIT)	155.9	148.4
Financial items, net	(15.3)	(8.5)
Profit before tax	140.6	139.9
Tax for the period	(31.2)	(36.3)
Profit for the period	109.4	103.6

CASH FLOWS		
Cash flows from operating activities	231.4	148.7
Cash flows from investing activities	(109.9)	(266.5)
Cash flows from financing activities	(115.6)	107.3

BALANCE SHEET		
Intangible assets*	25.3	26.2
Property, plant and equipment	946.5	944.2
Other non-current assets	111.1	130.8
Cash and cash equivalents	16.5	10.2
Other current assets	467.9	443.5
Total assets	1,567.3	1,554.9
Equity	653.3	633.5
Interest-bearing debt	588.8	599.1
Other creditors	325.2	322.3
Total liabilities and equity	1,567.3	1,554.9

Average number of employees	369	322
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FINANCIAL KEY FIGURES		
EBITDA margin	19.0%	18.5%
EBIT margin	10.7%	11.3%
ROIC	13.4%	13.7%
Working capital	273.4	284.4
Net interest-bearing debt	567.5	588.9

* Excluding goodwill on consolidation in Schouw & Co. of DKK 48.1 million

New material with enormous potential

Financial performance

Fibertex Nonwovens generated revenue of DKK 901 million in 2012, compared with DKK 726 million in 2011. The improvement was due to the full-year effects from the acquisition of the French company Fibertex Nonwovens S.A., which was only recognised in the financial statements as from the time of acquisition in May 2011, and to a generally higher level of business activity in a great part of the year.

EBIT was adversely impacted by large fluctuations in raw materials prices during the year, as the company only managed to compensate for this by gradually raising selling prices as the year wore on. In the second half of the year, revenue and earnings were also impacted by a drop in demand from those customer segments that are sensitive to the current economic slump in Europe.

Despite these challenges, Fibertex Nonwovens managed to improve EBIT by a substantial margin from a DKK 7 million loss in 2011 to a DKK 28 million profit in 2012, for a performance in line with the most recent guidance. In addition to the positive

full-year effect from the Fibertex Nonwovens S.A. acquisition, the stronger earnings were also driven by improvements in all business segments.

Working capital was almost unchanged, and net interest-bearing debt fell by DKK 16 million relative to last year.

Business development

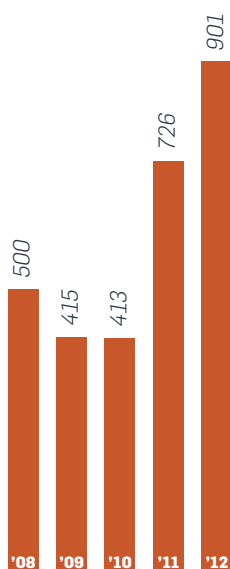
Effective in May 2011, Fibertex Nonwovens acquired a majority interest in the French company Tharreau Industries S.A., a leading manufacturer of specialist nonwoven products for the automotive industry and industrial applications. Effective January 1, 2012, the company changed its name to Fibertex Nonwovens S.A., and the rest of the shares were acquired in the summer of 2012.

After integrating the French company, Fibertex Nonwovens is now in a better position to create Europe's leading manufacturer of nonwovens in the form of needlepunched and spunlaced products for industrial and technical applications supplied from production facilities in Denmark, the Czech Republic and France.

The company is engaged in R&D, production and sale of nonwovens for these global business areas:

- Automotive (engine compartment insulation, car ceilings, door panels, trim panels and acoustic solutions)
- Construction (geotextiles, building and composite materials and DIY products)
- Industrial (furniture, mattresses, carpets and flooring) and the med-tech industry
- Filtration (air, liquid and odour filters) and acoustics
- Wipes (wet wipes for the consumer market and specialist products for the industrial market)

Revenue (DKKm)



Fibertex Nonwovens has focused its efforts on adapting to the current competitive market situation. Company trends in 2012 were driven by a strengthened position in the European markets and improved earnings on its high-volume business through product development and operational improvements, combined with increased sales of specialist value-added products. The company also spent 2012 working to strike a more satisfactory balance between raw materials prices and selling prices, as well as improving capacity utilisation and enhancing production efficiency. In terms of R&D

and innovation, the company has built a strong product portfolio supporting its long-term strategy of increasing the proportion of value-added products in its portfolio.

In the beginning of 2010, Fibertex Industrial Nonwovens set up a factory in South Africa in cooperation with local business partners



Jørgen Bech Madsen, CEO, Fibertex Nonwovens

with local business partners and IFU, the Investment Fund for Developing Countries. The focus in the first couple of years has been to build up production and position the company in the market. Demand is expected to pick up in 2013, driven by a large number of infrastructure projects in South Africa and its neighbouring countries. After the end of the financial year, the company acquired the distributor

Geotextile Africa in a move that is expected to boost both revenue and earnings in 2013. Fibertex South Africa is recognised in the financial statements as an associate.

Outlook

Fibertex Nonwovens expects 2013 to be a year of economic downturn and challenging market conditions, like 2012, but the company will continue to capitalise on the efficiency-improving measures implemented and on an increase in sales of the new products launched in recent years.

The market focus in 2013 will be on increasing sales and passing on increases in raw materials prices by constantly aligning selling prices. The company also expects to grow its sales of value added and speciality products and to increase exports to non-European markets. The operational focus will be to enhance earnings by optimising production line operations, maintaining a high operational efficiency and ensuring high-capacity utilisation.

Against this background, Fibertex Nonwovens expects a moderate revenue improvement in 2013 to about DKK 950 million and EBIT in the range of DKK 25-35 million.

All amounts in DKK million	2012	2011
Revenue	901	726
- of which from Denmark	226	226
- of which from Czech Republic	257	240
- of which from France	418	260

All amounts in DKK million	2012	2011
INCOME STATEMENT		
Revenue	901.3	726.5
Gross profit	178.2	122.2
EBITDA	93.1	45.6
Depreciation	65.0	52.7
Operating profit (EBIT)	28.1	(7.1)
Financial items, net	(6.5)	(5.9)
Share of profit from ass. companies	(18.7)	(13.2)
Profit before tax	2.9	(26.2)
Tax for the period	(2.7)	7.3
Profit for the period	0.2	(18.9)

CASH FLOWS		
Cash flows from operating activities	79.7	12.4
Cash flows from investing activities	(59.3)	(240.1)
Cash flows from financing activities	(46.5)	285.3

BALANCE SHEET		
Intangible assets*	68.8	71.5
Property, plant and equipment	478.9	515.0
Other non-current assets	17.4	22.8
Cash and cash equivalents	34.0	59.9
Other current assets	387.3	388.7
Total assets	986.4	1,057.9

Equity	323.3	355.9
Interest-bearing debt	513.4	555.7
Other creditors	149.7	146.3
Total liabilities and equity	986.4	1,057.9

Average number of employees	508	449
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FINANCIAL KEY FIGURES		
EBITDA margin	10.3%	6.3%
EBIT margin	3.1%	-1.0%
ROIC	3.8%	neg.
Working capital	274.3	272.0
Net interest-bearing debt	479.4	495.8

* Excluding goodwill on consolidation in Schouw & Co. of DKK 32.0 million

Preferred supplier to agriculture

Financial performance

Grene increased revenue by 4% from DKK 1,307 million in 2011 to DKK 1,353 million in 2012. The improvement was driven by positive trends in all agro markets but one, Sweden, where some of the company's industrial activities suffered a minor decline.

The positive performance in an otherwise strained market can generally be ascribed to Grene's considerable competitive strength, supported by a gradual expansion of its product portfolio and related logistics and IT systems.



Carsten Thygesen,
CEO, Grene

EBIT improved from DKK 87 million in 2011 to DKK 93 million in 2012 and ended a good deal higher than the latest guidance range. The year's earnings performance was supported by the company's activities in Denmark and Russia. On the other hand, operations in Sweden and in Grene Industri-service suffered

setbacks, while the remaining business areas reported results in line with last year.

Working capital was kept at an unchanged level, and net interest-bearing debt fell slightly from DKK 438 million at December 31, 2011, to DKK 425 million at December 31, 2012.

Business development

Grene had a good year in 2012, even though current indications in the Agro business draw a rather complex picture. There are clear differences between the regions in terms of both weather-related and financial challenges.

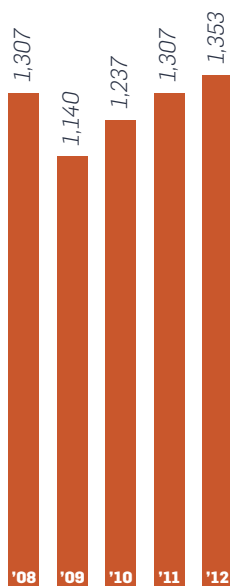
Precipitation and low temperatures have dominated weather conditions in the Nordic region, resulting in difficult field conditions, and the Danish agricultural sector suffers under the strain of a substantial debt burden. Generally, there is a sense of reluctance and uncertainty in the Nordic market, as reflected by a tendency among Grene's customers to reduce their inventories and by a downward trend in the value per order line in orders received. However, this is also a trend that allows Grene to capitalise on its product delivery power and powerful logistics solutions.

Weather conditions in Poland have been relatively dry, but harvests have been reasonable and the market continues to grow. Poland is one of the most attractive markets in Europe, and Grene successfully expanded its already strong position in 2012. Its Polish operations demerged into two units in 2012: one for wholesale and the other focused on retail business. The demerger has enabled a more focused approach in both areas. Grene launched a franchise concept in 2012 that, in addition to the 90 stores Grene already owns and operates, has led to 12 new stores under the Grene brand and carrying Grene's product range.

The positive revenue trend continued in Russia, where the activities are run in cooperation with Dutch business partner Kramp Groep. Russia is the largest agro market in Europe: It is highly unpredictable and there are large fluctuations from one year to the next, but considering Grene's current modest market share, it has substantial growth potential.

The expansion of warehouse facilities currently underway in Denmark is progressing to plan. The first phase of the project, involving a building extension of 3,250 m², is now finished, and the second phase, involving additional automation solutions, is

Revenue (DKKm)



underway. In Poland, Grene has also completed a small extension of its Konin facilities in preparation for a subsequent major expansion of the central warehouse.

After the end of the financial year, Grene entered into an agreement to merge its Finnish activities with peer company Noramaa OY. The joint venture, in which Grene will have a 56% stake, will have total annual revenue of about DKK 75 million, making it a relatively more important player in the Finnish market.

Grene Industri-service and Grene Industri, an independent division of Grene Danmark, make up Grene's Industry segment, where there is a general sense of reluctance among many OEM manufacturers, whereas the aftermarket has been improving.

During the past few years, Grene Industri has refocused its sales and product strategy towards specialising in selected product areas, and several of them have performed well, especially in the construction industry and the aftermarket.

Grene Industri-service had a difficult year in 2012, but the now-complete restructuring process commenced in 2010 has successfully refocused the company and warded off the negative effects to a great extent.

Outlook

The European market is currently undergoing change, with international players consolidating their operations and new partnerships being formed. However, Grene continues to see good opportunities in its core business areas, and the company is well positioned to meet the market challenges.

Generally, 2013 looks to be a rather challenging year, but based on the measures implemented in recent years and the new initiatives launched, Grene still expects to generate a full-year 2013 revenue of nearly DKK 1.4 billion. However, given the current market situation and due to existing plans to allocate more resources for market and systems development, the company has lowered its full-year EBIT guidance to the DKK 75-85 million range.

All amounts in DKK million	2012	2011
Revenue	1,353	1,307
- of which Denmark	504	491
- of which Poland	477	454
- of which Sweden	158	157
- of which Norway	85	80
- of which Finland	37	34
- other markets	92	91

All amounts in DKK million	2012	2011
INCOME STATEMENT		
Revenue	1,353.0	1,307.1
Gross profit	461.1	442.6
EBITDA	130.3	118.8
Depreciation	32.2	29.9
Impairment	4.6	2.0
Operating profit (EBIT)	93.5	86.9
Financial items, net	(12.7)	(23.8)
Profit before tax	80.8	63.1
Tax for the period	(18.0)	(17.4)
Profit for the period	62.8	45.7

CASH FLOWS		
Cash flows from operating activities	93.3	48.4
Cash flows from investing activities	(72.0)	(44.3)
Cash flows from financing activities	(18.9)	(8.5)

BALANCE SHEET		
Intangible assets	54.6	43.2
Property, plant and equipment	334.1	289.6
Other non-current assets	7.6	11.9
Cash and cash equivalents	13.9	11.5
Other current assets	593.8	574.8
Total assets	1,004.0	931.0
Equity	359.4	285.3
Interest-bearing debt	457.8	477.2
Other creditors	186.8	168.5
Total liabilities and equity	1,004.0	931.0

Average number of employees	897	921
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FINANCIAL KEY FIGURES		
EBITDA margin	9.6%	9.1%
EBIT margin	6.9%	6.6%
ROIC	12.8%	12.5%
Working capital	394.8	392.7
Net interest-bearing debt	424.8	437.8

Strong know-how and good prospects

Financial performance

Hydra-Grene increased revenue by 13% from DKK 465 million in 2011 to DKK 527 million in 2012. The improvement was based on an increase in sales to the wind turbine industry, whereas sales to other parts of industry were in line with 2011.

For Hydra-Grene's OEM and aftermarket customers, 2012 was very much a year of varying success, although most industry customers had fair levels of activity during the year. Customers in the wind turbine industry had a very busy first three quarters of the year, but the fourth quarter was a period of much more subdued demand.

EBIT for 2012 was DKK 67 million compared with DKK 69 million in 2011, which was in line with the most recent guidance.

The overall working capital fell from DKK 206 million at December 31, 2011 to DKK 186 million at December 31, 2012, mainly due to the change in business activity in the wind turbine industry.

After payment of dividends of DKK 50 million in 2012, net interest-bearing debt increased slightly,

from DKK 120 million at December 31, 2011, to DKK 123 million at December 31, 2012.

Business development

Hydra-Grene is a specialised trading and engineering company, and its principal business is to sell components and accessories for hydraulics, industrial hoses and related areas, including the supply of assembled goods such as hydraulic pump units, cooling and lubricating systems, and system solutions, as well as the production of aluminium valve blocks.

Hydra-Grene has continually adapted to the tough demands on its organisation and quality management capabilities from its move in recent years towards selling increasingly complex products and system solutions to the wind turbine industry in particular. Furthermore, Hydra-Grene plans to implement a new ERP system in 2013 while also aligning and optimising its business procedures and processes.

Hydra-Grene previously had its principal business in Denmark, but sales to international customers have grown in recent years, primarily to customers in the wind turbine industry and other industries in which the company has special expertise.

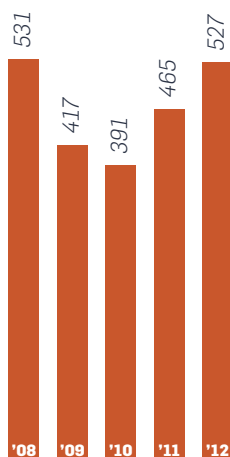
Hydra-Grene has small-scale production facilities in China, and sales in that market fell slightly in 2012 compared with 2011 due to generally difficult conditions for selling wind turbines in the Chinese market. Hydra-Grene has now established a good basic organisation in China, giving the company a good position for future expansion in the Chinese market.

In India, Hydra-Grene relocated to new leased premises and has now set up small-scale production facilities from which it serves the company's Indian customers. To date, sales have mostly targeted the wind turbine industry, but starting in 2013, the company will step up its sales efforts to the OEM and the aftermarket.

Hydra-Grene's only activity in the USA is a sales office: the company is awaiting general market developments before possibly expanding its activities there.

According to Hydra-Grene's overall strategy, production of core products such as valve blocks and systems should continue to be based in Denmark. For this reason, the company is focusing strongly on operating an automated and efficient production in order to maintain competitive strength despite

Revenue (DKKm)



high wage costs and the generally high cost levels in Denmark. Hydra-Grene made further investments in robot processing centres in 2012.

Outlook

Hydra-Grene signed an agreement with Sauer-Danfoss in 2012 to take over sales and distribution of that company's products to a number of customers. Sauer-Danfoss will continue to operate a small sales department serving a few selected customers. As a result of its agreement with Sauer-Danfoss, Hydra-Grene expects to increase sales to the OEM industry and the aftermarket in 2013 relative to 2012.



Erik Lodberg,
CEO,
Hydra-Grene

On the other hand, Hydra-Grene expects a drop in sales to the wind turbine industry in 2013, as many of its customers are affected by the general downturn in the wind turbine industry. Significant fluctuations should be expected over the year, which will naturally lead to a number of challenges with respect to product planning and inventory management.

Hydra-Grene continues to invest in order to prepare the company for the future by adding more technical staff on the product development side: the company has become involved in large-scale development projects for offshore wind turbines, but they are not expected to go into production until 2014 at the earliest.

Hydra-Grene expects FY 2013 revenue of up to DKK 500 million in 2013. Sales to the wind turbine industry as well as other customers will be marked by continued tough price competition which, combined with the severely fluctuating demand, makes it difficult to optimise costs. Against this backdrop, Hydra-Grene expects EBIT in the DKK 50-60 million range for 2013.

All amounts in DKK million

2012 2011

INCOME STATEMENT

Revenue	526.9	465.5
Gross profit	163.3	155.5
EBITDA	80.2	80.5
Depreciation	13.4	11.3
Operating profit (EBIT)	66.8	69.2
Value adjustment of shares in Lerøy	0.2	0.4
Financial items, net	(4.7)	(3.1)
Profit before tax	62.3	66.5
Tax for the period	(15.8)	(16.7)
Profit for the period	46.5	49.8

CASH FLOWS

Cash flows from operating activities	68.9	29.8
Cash flows from investing activities	(21.8)	(12.0)
Cash flows from financing activities	(44.8)	(23.8)

BALANCE SHEET

Intangible assets	11.8	8.6
Property, plant and equipment	107.6	102.4
Other non-current assets	1.9	1.8
Cash and cash equivalents	7.7	5.4
Other current assets	244.2	279.3
Total assets	373.2	397.5

Equity	182.2	186.3
Interest-bearing debt	130.5	125.5
Other creditors	60.5	85.7
Total liabilities and equity	373.2	397.5

Average number of employees	217	196
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FINANCIAL KEY FIGURES

EBITDA margin	15.2%	17.3%
EBIT margin	12.7%	14.9%
ROIC	21.3%	24.1%
Working capital	185.6	205.7
Net interest-bearing debt	122.8	120.1

Other investments

Xergi

Schouw & Co. has been involved in the biogas field since 2001, and today co-owns Xergi on a fifty/fifty basis together with Hedeselskabet. Xergi is one of Europe's leading suppliers of turnkey biogas systems. Its core business consists of technology development, systems design and installation, as well as turnkey system operation and maintenance.

Xergi generated revenue of DKK 118 million in 2012, which is recognised pro rata at 50% in the Schouw & Co. consolidated financial statements. In consolidated EBIT, Xergi is recognised at a loss of DKK 5 million.

Xergi continued to develop its product portfolio in 2012, both by working the market in Denmark where conditions were improved through the political agreement on energy reached in February 2012, and by maintaining its successful presence in the French and UK markets.

In recent years, Xergi has invested heavily in technology innovation and in building a substantial customer and project portfolio. The project portfolio has now grown so strong that the company expects to achieve a step change in activity, resulting in increased revenue in 2013 and much better earnings. In order to ensure an adequate capital base for the anticipated activity level, the two owners increased the company's shareholders' equity by a total of DKK 10 million at the end of 2012 by way of cash contributions in equal amounts.

Financial investments

The Schouw & Co. Group had two significant financial investments at December 31, 2012: shares in Vestas Wind Systems and shares in Lerøy Seafood Group, the latter held by the Norwegian subsidiary BioMar AS.

The stake in Lerøy was 1,000,000 shares, equal to 1.83% of the share capital. The shares in Lerøy were acquired in connection with the sale of BioMar's subsidiary Sjøtroll Havbruk in the autumn of 2010, at which time the holding was valued at NOK 130 per share. In 2012, the official share price rose from NOK 84.00 at December 31, 2011 to NOK 129.50 at December 31, 2012. Including dividends received of NOK 7 million, this stake represented a positive value adjustment of DKK 52 million, which amount is recognised under consolidated financial items. The entire stake of Lerøy shares was divested in January 2013 against cash proceeds of DKK 145 million.

The Group continues to hold 4,000,000 shares, equal to 1.96% of the share capital, in Vestas. The official share price fell from DKK 62.00 at December 31, 2011 to DKK 31.86 at December 31, 2012. The resulting unrealised negative value adjustment of DKK 121 million attributable to 2012 has been recognised under consolidated financial items.

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 is recognised as an associate in the Schouw & Co. consolidated financial statements.

Incuba holds a 26% interest in Incuba Science Park, which runs three science parks in Aarhus, Denmark: the original science park next to the University of Aarhus, the biotech-med science park next to Aarhus University Hospital, and the IT science park at Katrinebjerg. Incuba Science Park is also a partner of the consortium currently building Navitas Park, a centre for energy, innovation and training located at the Port of Aarhus. When completed in 2014, the centre will cover about 38,000 m² and house more than 2,300 students, teachers, researchers and entrepreneurs.

In addition, Incuba is engaged in development activities through a 29% ownership interest in Østjysk Innovation, a government-approved innovation environment with investments in more than 40 business start-ups, and in the venture capital area through its 38% ownership interest in Scandinavian Micro Biodevices ApS, a company producing point-of-care veterinary diagnostic products.

Incuba reported a profit after tax of DKK 3 million for 2012, 49% of which was recognised in Schouw & Co.'s consolidated financial statements.

Property

In addition to the operational properties of the portfolio companies, the parent company Schouw & Co. owns four properties directly. At December 31, 2012 two of these were the parent company's head office in Aarhus and a factory site in Lystrup outside Aarhus, which is currently leased to Schouw's former portfolio company Elopak Denmark. At December 31, 2012, the carrying amount of these two properties was DKK 98 million.

In connection with the divestment of Martin, Schouw & Co. took over two properties in Frederikshavn in February 2013, both of which are still being used by Martin. These two properties were taken over at a price of DKK 97 million.

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Consolidated income- and comprehensive statement January 1 - December 31

Note	2012	2011
2 Revenue	12,477.8	11,074.3
3 Cost of sales	(10,271.4)	(9,178.1)
Gross profit	2,206.4	1,896.2
5 Other operating income	18.4	21.0
3 Distribution costs	(1,006.5)	(893.9)
3, 4 Administrative expenses	(442.6)	(370.0)
3, 12 Goodwill impairment	(2.7)	(6.8)
5 Other operating expenses	(0.8)	(2.8)
Operating profit (EBIT)	772.2	643.7
6 Profit/(loss) after tax in associates	(4.7)	(26.4)
7 Profit from divestment of equity investments	0.0	1.9
8 Financial income	90.6	34.2
9 Financial expenses	(244.8)	(677.3)
Profit before tax	613.3	(23.9)
10 Tax on profit for the year	(144.5)	(30.6)
Profit for the year from continuing operations	468.8	(54.5)
1, 29 Profit for the year from discontinued operations	28.9	(17.5)
Profit for the year	497.7	(72.0)
Attributable to		
Shareholders of Schouw & Co.	496.4	(72.3)
Minority interests	1.3	0.3
Profit for the year	497.7	(72.0)
11 Earnings per share (DKK)	21.09	(3.07)
11 Diluted earnings per share (DKK)	21.07	(3.06)
11 Earnings per share from continuing operations (DKK)	19.86	(2.32)
11 Diluted earnings per share from continuing operations (DKK)	19.84	(2.32)
Comprehensive income		
Exchange rate adjustment of foreign subsidiaries	36.8	9.4
Value adjustment of hedging instruments recognised during the year	(31.3)	(19.2)
Value adjustment of hedging instruments transferred to cost of sales	(5.4)	10.6
Value adjustment of hedging instruments transferred to financials	12.7	10.3
Other comprehensive income from associates	(0.5)	(1.0)
Other adjustment on equity	0.0	(2.7)
10 Tax on other comprehensive income	6.2	(0.8)
Other comprehensive income after tax	18.5	6.6
Profit for the year	497.7	(72.0)
Total recognised comprehensive income	516.2	(65.4)
Attributable to		
Shareholders of Schouw & Co.	514.8	(64.5)
Minority interests	1.4	(0.9)
Total recognised comprehensive income	516.2	(65.4)

Consolidated balance sheet

- Assets, liabilities and equity at December 31

Assets		2012	2011
Note			
	Goodwill	895.0	948.2
	Completed development projects	25.5	73.7
	Development projects in progress	34.7	49.1
	Other intangible assets	55.9	71.0
3, 12	Intangible assets	1,011.1	1,142.0
	Land and buildings	1,516.7	1,460.9
	Leasehold improvements	5.6	6.7
	Plant and machinery	1,334.9	1,470.0
	Other fixtures, tools and equipment	115.7	125.7
	Assets under construction, etc.	178.4	89.9
3, 13	Property, plant and equipment	3,151.3	3,153.2
	⁶ Equity investments in associates	50.1	62.7
	¹⁴ Securities	154.9	274.7
	¹⁹ Deferred tax	192.7	217.1
	¹⁶ Receivables	116.1	159.6
	Other non-current assets	513.8	714.1
	Total non-current assets	4,676.2	5,009.3
	¹⁵ Inventories	1,773.1	1,855.9
	¹⁶ Receivables	2,656.1	2,365.1
	²⁴ Income tax receivable	6.5	17.5
	¹⁷ Construction contracts	1.4	4.1
	Accruals and deferred income	13.5	26.4
	¹⁴ Securities	132.2	80.9
	Cash and cash equivalents	392.7	541.3
	Total current assets	4,975.5	4,891.2
1, 29	Assets held for sale	729.6	0.0
	Total assets	10,381.3	9,900.5
Liabilities and equity		2012	2011
Note			
	¹⁸ Share capital	255.0	255.0
	Hedge transaction reserve	(42.6)	(28.5)
	Exchange adjustment reserve	159.9	127.4
	Retained earnings	4,124.1	3,740.2
	Proposed dividend	127.5	102.0
	Share of equity attributable to the parent company	4,623.9	4,196.1
	Minority interests	3.4	33.9
	Total equity	4,627.3	4,230.0
	¹⁹ Deferred tax	125.6	127.6
	²⁰ Pensions and similar liabilities	26.0	37.3
	²¹ Credit institutions	874.3	1,021.7
21, 22	Other liabilities	79.8	87.7
	Non-current liabilities	1,105.7	1,274.3
	²¹ Current portion of non-current debt	278.7	282.7
	²¹ Credit institutions	1,280.7	2,004.3
	¹⁷ Construction contracts	16.7	10.4
	²³ Trade payables and other payables	2,483.5	2,037.0
	²⁴ Income tax	45.2	34.9
	²⁰ Provisions	1.2	8.2
	Accruals and deferred income	17.9	18.7
	Current liabilities	4,123.9	4,396.2
	Total liabilities	5,229.6	5,670.5
1, 29	Liabilities associated with assets classified as held for sale	524.4	0.0
	Total liabilities and equity	10,381.3	9,900.5

³⁰⁻³⁶ Notes without reference

Consolidated cash flow statement January 1 - December 31

	2012	2011
Note Profit before tax	613.3	(23.9)
Adjustment for operating items of a non-cash nature, etc.		
³ Depreciation and impairment losses	390.4	324.3
Other operating items, net	11.7	13.5
Provisions	(1.9)	4.8
Income from investments in associates after tax	4.7	26.4
Financial income	(90.6)	(34.2)
Financial expenses	244.8	677.3
Cash flows from operating activities before changes in working capital	1,172.4	988.2
²⁵ Changes in working capital	(110.9)	(367.3)
Cash flows from operating activities	1,061.5	620.9
Interest income received	39.7	14.8
Interest expenses paid	(121.8)	(109.6)
Cash flows from ordinary activities	979.4	526.1
²⁴ Income tax paid	(117.6)	(104.3)
Cash flows from operating activities	861.8	421.8
²⁶ Purchase of intangible assets	(23.5)	(25.1)
²⁶ Purchase of property, plant and equipment	(341.9)	(552.7)
Sale of property, plant and equipment	4.8	23.1
²⁷ Acquisition of enterprises	0.0	(207.2)
Mandatory tender offer to minority shareholders	0.0	(16.3)
⁶ Acquisition of associates	(4.7)	(5.0)
²⁸ Divestment of subsidiaries	0.0	2.6
Loan to associates	0.6	(2.8)
¹⁴ Purchase of securities	(7.3)	(5.5)
¹⁴ Sale of securities	7.0	25.0
Cash flows from investing activities	(365.0)	(763.9)
Debt financing:		
Repayment of non-current liabilities	(264.6)	(183.7)
²⁶ Proceeds from incurring non current financial liabilities	198.2	280.7
Increase (repayment) of bank overdrafts	(468.7)	517.2
Shareholders:		
Acquisition of minority shareholders	(36.1)	(0.2)
Dividend paid	(94.2)	(71.4)
Purchase / sale of treasury shares, net	5.6	(69.0)
Cash flows from financing activities	(659.8)	473.6
²⁹ Cash flows from discontinued operations	29.7	(44.5)
Cash flows for the year	(133.3)	87.0
Cash and cash equivalents at January 1	541.3	451.6
Value adjustment of cash and cash equivalents	(1.2)	2.7
Cash and cash equivalents at December 31	406.8	541.3

Equity statement

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total	Minority interests	Total equity
Equity at January 1, 2011	255.0	(24.7)	113.3	3,971.5	76.5	4,391.6	3.5	4,395.1
Other comprehensive income in 2011								
Exchange rate adjustment of foreign subsidiaries	0.0	0.0	10.6	0.0	0.0	10.6	(1.2)	9.4
Value adjustment of hedging instruments recognised during the year	0.0	(23.8)	4.6	0.0	0.0	(19.2)	0.0	(19.2)
Hedging instruments transferred to cost of sales	0.0	10.6	0.0	0.0	0.0	10.6	0.0	10.6
Hedging instruments transferred to financials	0.0	10.3	0.0	0.0	0.0	10.3	0.0	10.3
Other comprehensive income from associates	0.0	(1.2)	0.0	0.2	0.0	(1.0)	0.0	(1.0)
Other adjustment on equity	0.0	0.0	0.0	(2.7)	0.0	(2.7)	0.0	(2.7)
Tax on other comprehensive income	0.0	0.3	(1.1)	0.0	0.0	(0.8)	0.0	(0.8)
Profit for the year	0.0	0.0	0.0	(174.3)	102.0	(72.3)	0.3	(72.0)
Total recognised comprehensive income	0.0	(3.8)	14.1	(176.8)	102.0	(64.5)	(0.9)	(65.4)
Transactions with the owners								
Share-based payment, net	0.0	0.0	0.0	8.8	0.0	8.8	0.0	8.8
Dividend distributed	0.0	0.0	0.0	5.7	(76.5)	(70.8)	(0.6)	(71.4)
Addition/disposal of minority interests	0.0	0.0	0.0	0.0	0.0	0.0	31.9	31.9
Treasury shares bought/sold	0.0	0.0	0.0	(69.0)	0.0	(69.0)	0.0	(69.0)
Transactions with the owners for the period	0.0	0.0	0.0	(54.5)	(76.5)	(131.0)	31.3	(99.7)
Equity at December 31, 2011	255.0	(28.5)	127.4	3,740.2	102.0	4,196.1	33.9	4,230.0
Other comprehensive income in 2012								
Exchange rate adjustment of foreign subsidiaries	0.0	0.0	36.7	0.0	0.0	36.7	0.1	36.8
Value adjustment of hedging instruments recognised during the year	0.0	(25.7)	(5.6)	0.0	0.0	(31.3)	0.0	(31.3)
Hedging instruments transferred to cost of sales	0.0	(5.4)	0.0	0.0	0.0	(5.4)	0.0	(5.4)
Hedging instruments transferred to financials	0.0	12.7	0.0	0.0	0.0	12.7	0.0	12.7
Other comprehensive income from associates	0.0	(0.5)	0.0	0.0	0.0	(0.5)	0.0	(0.5)
Tax on other comprehensive income	0.0	4.8	1.4	0.0	0.0	6.2	0.0	6.2
Profit for the year	0.0	0.0	0.0	368.9	127.5	496.4	1.3	497.7
Total recognised comprehensive income	0.0	(14.1)	32.5	368.9	127.5	514.8	1.4	516.2
Transactions with the owners								
Share-based payment, net	0.0	0.0	0.0	5.8	0.0	5.8	0.0	5.8
Dividend distributed	0.0	0.0	0.0	7.8	(102.0)	(94.2)	0.0	(94.2)
Addition of minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Disposal of minority interests	0.0	0.0	0.0	(4.2)	0.0	(4.2)	(32.4)	(36.6)
Treasury shares bought/sold	0.0	0.0	0.0	5.6	0.0	5.6	0.0	5.6
Transactions with the owners for the period	0.0	0.0	0.0	15.0	(102.0)	(87.0)	(31.9)	(118.9)
Equity at December 31, 2012	255.0	(42.6)	159.9	4,124.1	127.5	4,623.9	3.4	4,627.3

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.

Notes

NOTE 1 - Segment reporting

Schouw & Co. is an industrial conglomerate consisting of a number of sub-groups operating in various industries and independently of the other sub-groups. The group management monitors the financial developments of all material sub-groups on a regular basis. Based on management control and financial management, Schouw & Co. has identified six reporting segments, which are BioMar, Fibertex Personal Care, Fibertex Nonwovens, Grene, Hydra-Grene and Martin. On December 19, 2012, Schouw & Co. signed an agreement to sell Martin. Accordingly, Martin has been classified under discontinued operations.

Included in the reporting segments are revaluations of assets and liabilities made in connection with Schouw & Co.'s acquisition of the segment in question and consolidated goodwill arising as a result of the acquisition. The operational impact of depreciation/amortisation and write-downs on the above revaluations or goodwill is also included in the profit presented for the reporting segment.

All transactions between segments were made on an arm's length basis.

Geographical segment information indicates the group's revenue and assets by national market. The list shows the individual countries in which the group's revenue or assets account for 5% or more of consolidated revenue or consolidated total assets. As Schouw & Co.'s consolidated revenue is generated in some 100 different countries, a very large proportion of the revenue derives from the 'Other Europe' and 'Other World' categories.

Total reportable segments 2012	BioMar	Fibertex Personal Care	Fibertex Nonwovens	Grene	Hydra-Grene	Martin (discontinued activities)	Total
External revenue	8,226.5	1,437.9	894.3	1,346.2	498.1	931.5	13,334.5
Intra-group revenue	0.0	21.3	7.0	6.8	28.8	0.1	64.0
Segment revenue	8,226.5	1,459.2	901.3	1,353.0	526.9	931.6	13,398.5
Depreciation	151.2	121.4	65.0	32.2	13.4	54.6	437.8
Impairment	0.0	0.0	0.0	4.6	0.0	4.7	9.3
EBIT	438.1	155.9	28.1	93.5	66.8	57.3	839.7
Segment assets	5,116.3	1,615.4	1,018.4	1,004.0	373.2	729.6	9,856.9
Including goodwill	736.2	72.4	77.6	8.8	0.0	47.0	942.0
Equity investments in associates	0.0	0.0	16.1	0.0	1.9	10.9	28.9
Segment liabilities	2,909.1	914.0	663.1	644.6	191.0	572.9	5,894.7
Working capital	796.1	273.4	274.3	394.8	185.6	315.3	2,239.5
NIBD	583.6	567.5	479.4	424.8	122.8	340.2	2,518.3
Cash flows from operating activities	271.7	231.4	79.7	93.3	68.9	141.9	886.9
Cash flows from investing activities	(124.5)	(109.9)	(22.8)	(72.0)	(21.8)	(38.7)	(389.7)
Cash flows from financing activities	(277.2)	(115.6)	(83.1)	(18.9)	(44.8)	(95.8)	(635.4)
Capital expenditure	126.8	110.1	18.3	83.7	21.8	42.2	402.9
Average number of employees	847	369	508	897	217	513	3,351

Total reportable segments 2011	BioMar	Fibertex Personal Care	Fibertex Nonwovens	Grene	Hydra-Grene	Martin (discontinued activities)	Total
External revenue	7,268.8	1,285.3	720.4	1,300.2	436.6	854.7	11,866.0
Intra-group revenue	0.0	28.4	6.1	6.9	28.9	0.1	70.4
Segment revenue	7,268.8	1,313.7	726.5	1,307.1	465.5	854.8	11,936.4
Depreciation	125.3	94.4	52.7	29.9	11.3	73.4	387.0
Impairment	0.0	0.0	0.0	2.0	0.0	5.3	7.3
EBIT	361.6	148.4	(7.1)	86.9	69.2	2.0	661.0
Segment assets	4,490.9	1,603.1	1,089.9	931.0	397.5	733.5	9,245.9
Including goodwill	739.7	72.4	77.6	11.5	0.0	47.0	948.2
Equity investments in associates	0.0	0.0	19.1	0.0	1.7	10.8	31.6
Segment liabilities	2,491.9	921.4	702.0	645.7	211.2	645.2	5,617.4
Working capital	640.1	284.4	272.0	392.7	205.7	363.5	2,158.4
NIBD	552.3	588.9	495.8	437.8	120.1	477.3	2,672.2
Cash flows from operating activities	133.4	148.7	12.4	48.4	29.8	(5.0)	367.7
Cash flows from investing activities	(200.0)	(266.5)	(240.1)	(44.3)	(12.0)	(39.2)	(802.1)
Cash flows from financing activities	109.5	107.3	285.3	(8.5)	(23.8)	46.2	516.0
Capital expenditure	221.0	269.4	251.6	52.7	12.1	43.4	850.2
Average number of employees	761	322	449	921	196	599	3,248

Notes

NOTE 1 - Segment reporting (continued)

	Revenue		Intangible and fixed assets	
	2012	2011	2012	2011
Geographical - segment				
Denmark	1,272.3	1,186.4	1,618.3	1,728.4
Norway	3,161.6	3,046.4	601.5	597.5
Chile	2,363.4	1,759.0	448.6	461.7
U.K.	985.0	921.7	54.6	52.0
Poland	644.6	599.5	105.8	88.1
France	370.0	322.7	222.8	246.3
Malaysia	173.0	137.3	661.1	631.7
Czech Republic	107.3	88.4	236.1	242.8
Other Europe	2,445.5	2,240.1	169.5	210.4
Other world	955.1	772.8	44.1	36.3
Total	12,477.8	11,074.3	4,162.4	4,295.2

The data on revenue by geography are based on customers' geographical location, while data on intangible and fixed assets by geography are based on the physical location of the assets. The specification shows the individual countries that account for more than 5% of the Group in terms of revenue or assets.

Reconciliation of revenue, EBIT, assets and liabilities

	2012	2011
Reconciliation of segment revenue:		
Revenue from reporting segments	13,398.5	11,936.4
Revenue from non-reporting segments	59.1	48.0
Revenue from the parent company	20.7	19.5
Group elimination	(68.9)	(74.9)
Revenue from discontinued operations	(931.6)	(854.7)
Group revenue	12,477.8	11,074.3

Reconciliation of EBIT:

EBIT from reporting segments	839.7	661.0
Revenue from non-reporting segments	(5.3)	(8.9)
EBIT from the parent company	(9.4)	(5.8)
EBIT from discontinued operations	(57.3)	(2.0)
Group elimination, etc.	4.5	(0.6)
EBIT	772.2	643.7

Reconciliation of segment assets

Assets from reporting segments	9,856.9	9,245.9
Assets from non-reporting segments	575.1	684.6
Assets from the parent company	3,619.2	3,453.0
Group elimination	(3,669.9)	(3,483.0)
Assets	10,381.3	9,900.5

Reconciliation of segment liabilities

Liabilities from reporting segments	5,894.7	5,617.4
Liabilities from non-reporting segments	77.8	43.1
Liabilities from the parent company	314.6	492.2
Group elimination	(533.1)	(482.2)
Liabilities	5,754.0	5,670.5

Pro-rata consolidated companies are recognised in the consolidated financial statement in the following amounts: Current assets DKK 146.7 million (2011 DKK 124.2 million), non-current assets DKK 71.0 million (2011 DKK 72.7 million), current liabilities DKK 273.4 million (2011 DKK 182.5 million), non-current liabilities DKK 0.6 million (2011 DKK 0.0 million), revenue DKK 494.3 million (2011 DKK 289.6 million) and expenses DKK 502.6 million (2011 DKK 302.7 million). Pro-rata consolidated companies are Xergi A/S, Alitec Pargua S.A. og Grene Kramp Holding A/S. All are 50%-owned.

NOTE 2 - Revenue

	2012	2011
Sale of goods	12,397.1	11,007.4
Sale of services	3.2	1.9
Rental income	18.4	17.0
Market value of work in progress	59.1	48.0
Total revenue	12,477.8	11,074.3

Notes

NOTE 3 - Costs

2012 2011

Cost of sales

Cost of sales for the year includes cost of goods sold of	(8,972.8)	(8,058.7)
Cost of sales for the year includes inventory impairments of	(36.1)	(20.2)
Cost of sales for the year includes reversed inventory impairments of	27.2	24.5

Staff costs

Remuneration to the Board of Directors of Schouw & Co.	(2.8)	(2.7)
Wages and salaries	(832.6)	(755.1)
Defined contribution pension plans	(49.6)	(46.7)
Other social security costs	(66.1)	(64.1)
Share-based payment	(4.9)	(8.0)
Total staff costs	(956.0)	(876.6)

Including staff costs capitalised and recognised in plant, machinery and development projects	4.2	7.9
Staff costs recognised in the income statement		(868.7)

Staff costs are recognised as follows

Production	(437.6)	(388.3)
Distribution	(327.0)	(306.2)
Administration	(187.2)	(174.2)
Staff costs recognised in the income statement	(951.8)	(868.7)

Average number of employees	2,879	2,688
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Determination of remuneration to the Board of Directors and the Executive Management

Aktieselskabet Schouw & Co. has prepared a remuneration policy describing the guidelines for the remuneration to members of the company's Board of Directors and Executive Management. The remuneration to board members consists of a fixed basic fee, which in 2010–2012 amounted to DKK 200,000. Effective from 2013, the fee will be raised to DKK 225,000. The remuneration policy is available on the company's website. Remuneration to the Board of Directors includes a fee to the audit committee of DKK 0.4 million (2011: DKK 0.4 million). In addition to the above fees paid in respect of the continuing companies, board members have received a total of DKK 0.4 million from companies classified under discontinued operations.

Staff costs include salaries and bonuses of DKK 7.6 million (2011: DKK 6.8 million), pension contributions of DKK 0.2 million (2011: DKK 0.2 million) and share-based payment of DKK 1.3 million (2011: DKK 1.0 million) to members of the Executive Management. The Executive Management also has cars at their disposal. Members of the Executive Management do not have any unusual employment or contractual terms.

Staff costs for businesses under continuing operations include salaries and bonuses of DKK 16.8 million (2011: DKK 16.2 million), pension contributions of DKK 1.3 million (2011: DKK 1.2 million) and share-based payment of DKK 2.6 million (2011: DKK 2.2 million) to the registered executive managements of directly owned subsidiaries. No severance payments were made to senior employees in 2012 or 2011.

Share-based payment: Share option programme

The company has 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 (4% p.a.) from the date of grant until the date of exercise.

Outstanding options	Management	Other	Total	Strike price in DKK ²⁾	Fair value in DKK per option ³⁾	Fair value in total in DKK millions ³⁾	Can be exercised from	Can be exercised to
Granted in 2008 ¹⁾	36,000	144,000	180,000	224.85	37.83	6.8	March 2010	March 2012
Granted in 2009	36,000	86,000	122,000	78.61	21.27	2.6	March 2011	March 2013
Granted in 2010	34,000	148,000	182,000	125.53	24.38	4.4	March 2012	March 2014
Granted in 2011	55,000	184,000	239,000	151.61	25.80	6.2	March 2013	March 2015
Outstanding options in total at December 31, 2011	161,000	562,000	723,000					
Granted in 2012	55,000	184,000	239,000	155.83	24.24	5.8	March 2014	March 2016
Expired (share options granted in 2008) Exercised	(36,000)	(144,000)	(180,000)					
(from the share options granted in 2009) Exercised/expired	(12,000)	(50,000)	(62,000)					
(share options granted in 2010)	0	(8,750)	(8,750)					
Outstanding options in total at December 31, 2012	168,000	543,250	711,250					

1) The number of options has been adjusted for bonus share issue in 2008

2) At exercise after four years (at the latest possible moment)

3) At the date of grant

A total of 62,000 options relating to the 2009 grant were exercised in 2012. Options were exercised at an average exercise price of DKK 75.79 per share, producing cash proceeds to the Group of DKK 4.7 million. The average market price on the dates the options were exercised was DKK 138.10 per share. A total of 8,000 options relating to the 2010 grant were exercised in 2012. Options were exercised at an average exercise price of DKK 117.31 per share, producing cash proceeds to the Group of DKK 0.9 million. The average market price on the dates the options were exercised was DKK 132.50 per share.

Notes

NOTE 3 - Costs (continued)

The following assumptions were applied in calculating the fair value of outstanding share options at the date of grant:

	2012 grant	2011 grant	2010 grant	2009 grant
Expected volatility	34,48%	33,75%	37,41%	56,54%
Expected term	48 mths	48 mths	48 mths	48 mths
Expected dividend per share	DKK 3	DKK 3	DKK 3	DKK 3
Risk-free interest rate	1,04%	3,00%	4,00%	4,00%

The expected volatility is calculated as 12 months historical volatility based on average prices. If the optionholders have not exercised their share options within the period specified, the share options will lapse without any compensation to the holders. Exercise of the share options is subject to the holders being in continuing employment during the above-mentioned periods. If the share option holder leaves the company's employ before the 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.

Share-based payment: Employee shares

The company awarded no employee shares in 2012 due to amended legislation. The employees have obtained the right to receive shares at a value of DKK 3.6 million at the grant date in respect of the 2011 financial year.

	2012	2011
Research and development costs		
Research and development costs expensed and development costs incurred are shown below:		
Research and development costs incurred	(77.1)	(76.4)
Development costs recognised under intangible assets	12.7	24.9
Impairment of property, plant and equipment	(7.9)	(8.3)
Research and development costs for the year recognised in the income statement	(72.3)	(59.8)
Depreciation/amortisation and impairment		
Amortisation of intangible assets	(18.6)	(16.8)
Impairment of intangible assets	(2.7)	(8.9)
Depreciation of property, plant and equipment	(367.2)	(298.6)
Amortisation and impairment losses on recognised development costs	(1.9)	0.0
Total depreciation/amortisation and impairment	(390.4)	(324.3)
Depreciation/amortisation and impairment is recognised in the income statement as follows:		
Production	(319.3)	(254.2)
Distribution	(38.3)	(37.5)
Administration	(30.1)	(25.8)
Goodwill impairment	(2.7)	(6.8)
Total depreciation/amortisation and impairment	(390.4)	(324.3)

NOTE 4 - Fees to auditors appointed by the general meeting

	2012	2011
Audit fees, KPMG	(4.7)	(5.5)
Fees for other assurance engagements, KPMG	(0.4)	(0.8)
Fees for tax and VAT related services, KPMG	(2.2)	(1.7)
Fees for other services, KPMG	(1.9)	(2.0)
Total fees, KPMG	(9.2)	(10.0)
Audit fees, other accountants	(1.1)	(1.1)
Fees for other assurance engagements, other auditors	0.0	(0.2)
Fees for tax and VAT related services, other accountants	(0.2)	0.0
Fees for other services, other accountants	(0.6)	(0.5)
Total fees, other accountants	(1.9)	(1.8)

Notes

NOTE 5 - other operating income and expenses

	2012	2011
Gains on the disposal of property, plant and equipment and intangible assets	2.8	7.0
Government grants	10.7	6.4
Other operating income	4.9	7.6
Total other operating income	18.4	21.0
Losses on the disposal of property, plant and equipment and intangible assets	(0.8)	(2.3)
Other operating expenses	0.0	(0.5)
Total other operating expenses	(0.8)	(2.8)

Fibertex has recognised an investment grant of DKK 10.7 million in 2012 (2011: DKK 6.4 million), related to the establishment of the factory in Malaysia. The grant is primarily conditional on a continued tax profit to be generated over the next years by Fibertex in Malaysia, which is regarded as very likely to happen.

NOTE 6 - Equity investments in associates

	2012	2011
Cost at January 1	99.6	99.6
Reclassified to assets available for sale	(4.0)	0.0
Foreign exchange adjustments	(0.1)	0.0
Additions	4.7	5.0
Disposals	0.0	(5.0)
Cost at December 31	100.2	99.6
Adjustments at January 1	(36.9)	(5.5)
Reclassified to assets available for sale	(6.9)	0.0
Foreign exchange adjustments	(1.1)	(4.6)
Other changes in equity	(0.5)	(1.0)
Disposals for the year	0.0	0.2
Profit/(loss) after tax in associates - continuing activities	(4.7)	(26.4)
Profit/(loss) after tax in associates - discontinued activities	-	0.4
Adjustments at December 31	(50.1)	(36.9)
Carrying amount at December 31	50.1	62.7

2012

Name	Registered office	Ownership interest	Revenue	Profit for the year	Total assets	Liabilities	Attributable to the group	
							Equity	Profit for the year
Incuba A/S	Aarhus, Denmark	49.02%	0.0	3.2	85.9	20.4	32.1	1.6
Martin Professional (HK) Ltd. *	Hong Kong, China	46.20%	15.9	(2.8)	10.6	5.8	2.2	(1.3)
Martin Professional Japan Ltd. *	Tokyo, Japan	40.00%	65.5	11.5	35.6	13.8	8.7	4.6
Finini ApS *	Odense, Denmark	-	-	-	-	-	0.0	(0.4)
Dansk Afgratningsteknik A/S	Skjern, Denmark	30.00%	N/A	0.6	11.0	4.6	1.9	0.2
Fibertex South Africa Ltd.	Durban, South Africa	26.00%	27.0	(27.3)	97.1	25.0	16.1	(6.5)
* Of the above, transferred to assets available for sale							(10.9)	(2.9)
The group share of equity and profit of continuing activities in total							50.1	(4.7)

2011

Name	Registered office	Ownership interest	Revenue	Profit for the year	Total assets	Liabilities	Attributable to the group	
							Equity	Profit for the year
Incuba A/S	Aarhus, Denmark	49.02%	0.0	(42.3)	85.6	22.3	31.0	(20.7)
Martin Professional (HK) Ltd.	Hong Kong, China	46.20%	24.5	3.1	14.5	3.1	5.3	1.4
Martin Professional Japan Ltd.	Tokyo, Japan	40.00%	30.8	0.3	22.1	9.2	5.2	0.1
Finini ApS	Odense, Denmark	49.90%	i.o.	0.2	17.1	16.4	0.4	(1.1)
Dansk Afgratningsteknik A/S	Skjern, Denmark	30.00%	i.o.	1.3	9.6	3.8	1.7	0.4
GFE Patent A/S	Langå, Denmark	-	-	-	-	-	-	(0.2)
Fibertex South Africa Ltd.	Durban, South Africa	26.00%	30.7	(24.0)	111.5	25.7	19.1	(5.9)
The group share of equity and profit in total							62.7	(26.0)

1) At the end of 2011, GFE Patent A/S was reclassified from an associate to being pro rata consolidated. Subsequently, the company changed its name to Xergi NiX Technology A/S.

There is no recognised goodwill regarding associates

Notes

NOTE 7 - Profit from divestment of equity investments

No equity investments were divested in 2012. In 2011, the Group divested Xergi Services Ltd., a subsidiary of the Xergi group. The Xergi group received proceeds of DKK 5.2 million from the divestment and a gain of DKK 3.8 million, of which 50% has been recognised in Schouw & Co.'s consolidated financial statements.

NOTE 8 - Financial income

	2012	2011
Interests from financial assets measured at amortised costs	28.9	19.9
Dividend from financial assets measured at fair value through profit or loss	6.9	9.6
Currency transaction adjustments	9.4	4.7
Fair value adjustments of financial assets measured through profit or loss	45.4	0.0
Total	90.6	34.2

NOTE 9 - Financial expenses

	2012	2011
Interests from financial liabilities measured at amortised costs	(94.2)	(83.7)
Fair value adjustments of hedging transactions transferred from equity	(10.1)	(8.0)
Currency transaction adjustments	(19.9)	(17.9)
Fair value adjustments of financial assets measured through profit or loss	(120.6)	(567.7)
Total	(244.8)	(677.3)

Capitalised borrowing costs amounted to DKK 2.9 million in 2012 based on an average rate of interest of 4.3% p.a. In 2011, capitalised borrowing costs amounted to DKK 14.5 million based on an average rate of interest of 3.9% p.a.

Notes

NOTE 10 - Tax on the profit for the year

	2012	2011
Tax for the year is composed as follows:		
Tax on the profit for the year in continuing operations	(144.5)	(30.6)
Tax on the profit for the year in discontinued operations	(16.4)	(0.2)
Tax on other comprehensive income	6.2	(0.8)
Tax in total	(154.7)	(31.6)

Tax on the profit for the year has been calculated as follows:

Current tax	(142.7)	(77.7)
Deferred tax	(4.1)	53.6
Adjustment of prior-year tax charge	2.3	(6.5)
Tax recognised in the income statement in total	(144.5)	(30.6)

Specification of the tax on the profit for the year:

Calculated 25% tax of the profit for the year	(153.3)	6.0
Adjustment of calculated tax in foreign subsidiaries relative to 25%	7.6	5.2
Tax effect of non-deductible amortisation and impairment of goodwill	(0.7)	(1.7)
Tax effect of non-deductible costs and non-taxable income	18.5	(34.5)
Tax effect of adjustment of prior-year tax charge	0.5	(6.5)
Tax effect of non-capitalised tax asset	(3.4)	(3.0)
Tax effect of deferred tax regarding previous years recognised this year	(13.7)	3.9
Tax recognised in the income statement in total	(144.5)	(30.6)

Effective tax rate	23.6%	-128.0%
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	2012		
	Before tax	Tax	After tax
Tax on items taken directly to other comprehensive income			
Exchange adjustments of foreign units, etc.	36.8	0.0	36.9
Value adjustment of hedging instruments for the year	(31.3)	7.9	(23.4)
Value adjustment of hedging instruments transferred to cost of sales	(5.4)	1.5	(3.9)
Value adjustment of hedging instruments transferred to financials	12.7	(3.2)	9.5
Other comprehensive income from associates	(0.5)	0.0	(0.5)
Tax on items taken directly to other comprehensive income in total	12.3	6.2	18.6

	2011		
	Before tax	Tax	After tax
Tax on items taken directly to other comprehensive income			
Exchange adjustments of foreign units, etc.	9.4	0.0	9.4
Value adjustment of hedging instruments for the year	(19.2)	4.7	(14.4)
Value adjustment of hedging instruments transferred to cost of sales	10.6	(2.9)	7.6
Value adjustment of hedging instruments transferred to financials	10.3	(2.6)	7.7
Other adjustment on equity	(2.7)	0.0	(2.7)
Other comprehensive income from associates	(1.0)	0.0	(1.0)
Tax on items taken directly to other comprehensive income in total	7.4	(0.8)	6.6

NOTE 11 - Earnings per share (DKK)

	2012	2011
Share of the profit for the year attributable to shareholders of Schouw & Co.	496.4	(72.3)
Of which profit for the year from continuing operations	467.5	(54.8)
Of which profit for the year from discontinued operations	28.9	(17.5)
Average number of shares	25,500,000	25,500,000
Average number of treasury shares	(1,961,188)	(1,914,781)
Average number of outstanding shares	23,538,812	23,585,219
Average dilutive effect of outstanding share options ¹⁾	24,418	45,163
Diluted average number of outstanding shares	23,563,230	23,630,382

Earnings per share in Danish kroner of DKK 10	21.09	(3.07)
Diluted earnings per share in Danish kroner of DKK 10	21.07	(3.06)
Earnings per share in Danish kroner of DKK 10 from continuing operations	19.86	(2.32)
Diluted earnings per share in Danish kroner of DKK 10 from continuing operations	19.84	(2.32)
Earnings per share from discontinued operations (DKK)	1.23	(0.75)
Diluted earnings per share from discontinued operations (DKK)	1.23	(0.74)

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

Notes

NOTE 12 - Intangible assets

	2012				
	Goodwill	Completed development projects	Development projects in progress	Other intangible assets	Total
Cost at January 1, 2012	1,170.2	301.2	51.1	113.6	1,636.1
Reclassified to assets available for sale	(262.2)	(263.6)	(18.0)	(7.1)	(550.9)
Foreign exchange adjustment	(3.6)	1.1	0.1	(0.7)	(3.1)
Addition on internally generated assets	0.0	5.0	7.7	0.0	12.7
Addition through separate acquisition	0.0	9.5	1.0	0.8	11.3
Disposals	(2.7)	(2.7)	0.0	(9.7)	(15.1)
Transferred/reclassified	0.0	5.2	(5.2)	0.0	(0.0)
Cost at December 31, 2012	901.7	55.7	36.7	96.9	1,091.0
Amortisation and impairment at January 1, 2012	(222.0)	(227.5)	(2.0)	(42.6)	(494.1)
Reclassified to assets available for sale	215.3	203.4	0.0	2.5	421.2
Foreign exchange adjustment	0.0	(0.9)	0.0	0.5	(0.4)
Impairment	(2.7)	0.0	0.0	0.0	(2.7)
Amortisation	0.0	(7.9)	0.0	(10.7)	(18.6)
Amortisation and impairment of disposed assets	2.7	2.7	0.0	9.3	14.7
Amortisation and impairment at December 31, 2012	(6.7)	(30.2)	(2.0)	(41.0)	(79.9)
Carrying amount at December 31, 2012	895.0	25.5	34.7	55.9	1,011.1

	2011				
	Goodwill	Completed development projects	Development projects in progress	Other intangible assets	Total
Cost at January 1, 2011	1,119.2	261.9	30.1	90.8	1,502.0
Foreign exchange adjustment	5.2	(0.8)	(0.1)	1.2	5.5
Additions in continuing operations	0.0	5.6	19.3	0.2	25.1
Additions in discontinued operations	0.0	0.0	26.5	4.9	31.4
Additions on company acquisitions	45.8	0.0	0.0	36.6	82.4
Disposals	0.0	(9.8)	(0.4)	(0.1)	(10.3)
Transferred/reclassified	0.0	44.3	(24.3)	(20.0)	0.0
Cost at December 31, 2011	1,170.2	301.2	51.1	113.6	1,636.1
Amortisation and impairment at January 1, 2011	(215.2)	(163.5)	0.0	(48.0)	(426.7)
Foreign exchange adjustment	0.0	0.8	0.0	(0.9)	(0.1)
Impairment in continuing operations	(6.8)	0.0	(2.1)	0.0	(8.9)
Impairment in discontinued operations	0.0	(4.1)	(0.3)	0.0	(4.4)
Amortisation in continuing operations	0.0	(6.2)	0.0	(10.6)	(16.8)
Amortisation in discontinued operations	0.0	(47.0)	0.0	(0.4)	(47.4)
Amortisation and impairment of disposed assets	0.0	9.8	0.4	0.1	10.3
Transferred/reclassified	0.0	(17.3)	0.0	17.2	(0.1)
Amortisation and impairment at December 31, 2011	(222.0)	(227.5)	(2.0)	(42.6)	(494.1)
Carrying amount at December 31, 2011	948.2	73.7	49.1	71.0	1,142.0

Amortised over 2-7 years 3-15 years

Goodwill

Schouw & Co. recognised goodwill of DKK 895.0 million at December 31, 2012. This was a reduction of DKK 53.2 million relative to December 31, 2011, which breaks down as follows: DKK 47.0 million relating to Martin, a DKK 2.7 million goodwill impairment on a Grene subsidiary and a negative foreign exchange adjustment of DKK 3.5 million.

Other than the write-down of a Grene subsidiary, the goodwill impairment test did not indicate impairment in 2012. The total goodwill of DKK 895.0 million recognised is distributed on:

	BioMar	Fibertex Personal Care	Fibertex Nonwovens	Grene	Martin	Total
Goodwill in 2012	736.2	72.4	77.6	8.8	-	895.0
Goodwill in 2011	739.7	72.4	77.6	11.5	47.0	948.2

The management of Schouw & Co. has tested the value in use of the carrying amounts against goodwill in the above group companies. In the test performed, the senior management of each company indicated the expected free cash flows for the budget period. The free cash flow after tax has been applied to a discounted cash flow model (the "value in use" principle) for the purpose of estimating each 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 8.3% to 8.9% (2011: 7.2%-8.2%). In addition, a growth rate of 2% (2012: 2%) was used to extrapolate each company's cash flow. The test showed only goodwill impairment in a subsidiary of Grene, of DKK 2.7 million.

Sensitivity analyses have been made to calculate the value subject to each company achieving 100%, 90%, 80% and 70%, respectively, of its forecast EBIT included in the cash flow, combined with alternative, higher WACC values (of +0.5 and + 1.0 percentage point). For the other companies, combinations of reduced EBIT and increased WACC showed no or negligible indications of impairment. Accordingly, the value of goodwill is unchanged.

Notes

NOTE 12 - Intangible assets (continued)

Development projects and other intangible assets

Schouw & Co. recognised development costs of DKK 60.2 million and DKK 55.9 million in other intangible assets at December 31, 2012. An impairment test was performed in 2012 on the carrying amount of completed development projects and of development projects in progress. The impairment test did not result in write-downs being made (2011: DKK 6.5 million). Martin, which was classified as discontinued operations in 2012, recognised impairment write-downs on development projects of DKK 4.7 million in 2012. Estimated recoverable amounts are based on calculations determined through the application of projected cash flows on the basis of expectations for 2013-2016.

NOTE 13 - Property, plant and equipment

	2012					
	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures, tools and equipment	Assets under construction	Total
Cost at January 1, 2012	1,950.4	28.3	3,167.8	397.6	89.9	5,634.0
Reclassified to assets available for sale	0.0	(18.0)	(201.4)	(56.2)	(1.7)	(277.3)
Foreign exchange adjustment	39.2	1.0	68.3	8.6	0.2	117.3
Additions	40.8	0.7	97.3	19.1	193.5	351.4
Disposals	(0.9)	(0.1)	(15.9)	(12.7)	(0.1)	(29.7)
Transferred/reclassified	56.1	0.3	28.9	18.2	(103.4)	0.1
Cost at December 31, 2012	2,085.6	12.2	3,145.0	374.6	178.4	5,795.8
Depreciation and impairment at January 1, 2012	(489.5)	(21.6)	(1,697.8)	(271.9)	0.0	(2,480.8)
Reclassified to assets available for sale	0.0	16.7	172.0	51.0	0.0	239.7
Foreign exchange adjustment	(17.3)	(0.5)	(37.9)	(4.2)	0.0	(59.9)
Depreciation and impairment of disposed assets	0.2	0.1	15.8	9.5	0.0	25.6
Impairment	(1.9)	0.0	0.0	0.0	0.0	(1.9)
Depreciation	(60.4)	(1.3)	(262.2)	(43.3)	0.0	(367.2)
Depreciation and impairment at December 31, 2012	(568.9)	(6.6)	(1,810.1)	(258.9)	0.0	(2,644.5)
Carrying amount at December 31, 2012	1,516.7	5.6	1,334.9	115.7	178.4	3,151.3
Of which assets held under finance lease	11.1	0.0	55.6	2.5	0.0	69.2
Depreciated over	10-50 years	2-10 years	3-15 years	2-8 years		

	2011					
	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures, tools and equipment	Assets under construction	Total
Cost at January 1, 2011	1,685.6	31.5	2,569.5	373.1	399.0	5,058.7
Foreign exchange adjustment	(8.6)	(1.0)	1.5	(5.5)	0.3	(13.3)
Additions on company acquisitions	40.6	0.0	114.9	1.9	1.2	158.6
Additions in continuing operations	161.6	0.4	249.4	29.5	111.5	552.4
Additions in discontinued operations	0.0	0.0	3.3	4.6	4.1	12.0
Disposals	(15.1)	(0.5)	(72.0)	(45.9)	(0.5)	(134.0)
Disposals on company divestment	0.0	0.0	0.0	(0.4)	0.0	(0.4)
Transferred/reclassified	86.3	(2.1)	301.2	40.3	(425.7)	0.0
Cost at December 31, 2011	1,950.4	28.3	3,167.8	397.6	89.9	5,634.0
Depreciation and impairment at January 1, 2011	(435.9)	(21.4)	(1,539.8)	(274.6)	0.0	(2,271.7)
Foreign exchange adjustment	0.8	0.4	(3.0)	3.0	0.0	1.2
Transferred/reclassified	(1.1)	1.1	(0.1)	0.1	0.0	0.0
Depreciation and impairment of disposed assets	4.2	0.4	70.7	39.6	0.0	114.9
Impairment in discontinued operations	(0.9)	0.0	0.0	0.0	0.0	(0.9)
Disposals on company divestment	0.0	0.0	0.0	0.3	0.0	0.3
Amortisation in continuing operations	(50.7)	(1.4)	(211.2)	(35.3)	0.0	(298.6)
Amortisation in discontinued operations	(5.9)	(0.7)	(14.4)	(5.0)	0.0	(26.0)
Depreciation and impairment at December 31, 2011	(489.5)	(21.6)	(1,697.8)	(271.9)	0.0	(2,480.8)
Carrying amount at December 31, 2011	1,460.9	6.7	1,470.0	125.7	89.9	3,153.2
Of which assets held under finance lease	12.3	0.0	77.2	3.1	0.0	92.6
Depreciated over	10-50 years	2-10 years	3-15 years	2-8 years		

In 2012, the group entered into contracts for the purchase of property, plant and equipment for future delivery for an amount of DKK 233.7 million (2011: DKK 29.6 million).

Properties with an indication of impairment have been tested for impairment. The write-down to the recoverable amount for the year amounted to DKK 1.9 million (2011: DKK 0.9 million).

Notes

NOTE 14 - Securities

	2012	2011
Financial investments:		
Shares in Vestas (non-current securities)	127.4	248.0
Shares in Lerøy (current securities)	131.7	80.5
Financial investments in total	259.1	328.5
Other securities	28.0	27.1
Securities in total	287.1	355.6

At December 31, 2012, the company held 4,000,000 shares in Vestas Wind Systems recognised at a price of DKK 31.86 per share (2011: 62.00). At DKK 127.4 million, the fair value of the holding corresponded to the market price at December 31, 2012. The original acquisition cost of the shares in Vestas is DKK 313.4 million. At December 31, 2012, the company held 1,000,000 shares in Lerøy recognised at a price of NOK 129.5 (DKK 131.7) per share. At DKK 131.7 million, the fair value of the holding corresponded to the market price at December 31, 2012. The original acquisition cost of the shares in Lerøy is DKK 148.1 million. Management regularly monitors changes in the fair value of the company's financial investments. Holdings are recognised at fair value and value adjustments are recognised in the income statement as a financial income or expense. Other securities are classified as "available for sale". As mentioned in Events after the balance sheet date, the shares in Lerøy were divested in January 2013.

	Current assets		Non current assets	
	2012	2011	2012	2011
Securities measured at fair value				
Cost at January 1	160.7	159.8	347.3	353.2
Reclassified to assets available for sale	0.0	0.0	(1.5)	0.0
Foreign exchange adjustment	9.3	0.9	1.5	0.0
Additions	0.0	0.0	7.3	5.5
Disposals	0.0	0.0	(7.0)	(11.4)
Cost at December 31	170.0	160.7	347.6	347.3
Adjustments at January 1	(79.8)	30.2	(72.6)	383.7
Reclassified to assets available for sale	0.0	0.0	1.0	0.0
Foreign exchange adjustment	(3.4)	(0.1)	(0.5)	0.1
Dividend paid	(6.9)	(9.6)	0.0	0.0
Disposals on divestment	0.0	0.0	0.0	0.3
Adjustments recognised in the income statement	52.3	(100.3)	(120.6)	(456.7)
Adjustments at December 31	(37.8)	(79.8)	(192.7)	(72.6)
Carrying amount at December 31	132.2	80.9	154.9	274.7

NOTE 15 - Inventories

	2012	2011
Raw materials and consumables	876.6	780.6
Work in progress	1.2	74.6
Finished goods and goods for resale	895.3	1,000.7
Inventories in total	1,773.1	1,855.9
Cost of inventories for which impairment losses have been recognised	99.8	246.0
Accumulated impairment losses on inventories	(73.3)	(128.8)
Net sales value	26.5	117.2

NOTE 16 - Receivables

Receivables non-current	116.1	159.6
Trade receivables	2,515.0	2,231.5
Other current receivables	141.1	133.6
Receivables in total	2,772.2	2,524.7

For receivables falling due within one year after the end of the financial year, the nominal value is assessed to correspond to the fair value.

Non-current receivables include a recognised investment grant with a present value of DKK 105.8 million (2011: DKK 125.5 million). The receivables are expected to be received during the period 2013–2016 as a positive taxable income is achieved in Fibertex Personal Care in Malaysia.

Notes

NOTE 16 - Receivables (continued)

2012 2011

Impairment losses on trade receivables

Impairment losses at January 1		(219.0)	(223.6)
Reclassified to assets available for sale		28.1	0.0
Exchange adjustments		(0.8)	(3.5)
Reversed impairment losses		9.3	11.3
Impairment losses for the year		(70.0)	(19.7)
Realised loss		12.2	16.5
Impairment losses at December 31		(240.2)	(219.0)

Trade receivables

2012	Not due	Due between			Total
		1-30 days	31-90 days	>91 days	
Trade receivables not considered to be impaired	2,163.0	201.0	30.6	15.2	2,409.8
Trade receivables individually assessed to be impaired	19.9	44.0	59.5	222.0	345.4
Trade receivables in total	2,182.9	245.0	90.1	237.2	2,755.2
Impairment losses on trade receivables	(11.3)	(2.2)	(29.7)	(197.0)	(240.2)
Trade receivables net	2,171.6	242.8	60.4	40.2	2,515.0

Proportion of the total receivables which is expected to be settled					91.3%
Impairment percentage	0.5%	0.9%	33.0%	83.1%	8.7%

2011	Not due	Due between			Total
		1-30 days	31-90 days	>91 days	
Trade receivables not considered to be impaired	1,850.1	209.0	70.2	33.4	2,162.7
Trade receivables individually assessed to be impaired	23.1	33.3	10.1	221.3	287.8
Trade receivables in total	1,873.2	242.3	80.3	254.7	2,450.5
Impairment losses on trade receivables	(14.5)	(4.7)	(5.0)	(194.8)	(219.0)
Trade receivables net	1,858.7	237.6	75.3	59.9	2,231.5

Proportion of the total receivables which is expected to be settled					91.1%
Impairment percentage	0.8%	1.9%	6.2%	76.5%	8.9%

In total, 12.5% (2011: 11.7%) of the receivables are impaired to some extent at the balance sheet date. 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 223.5 million (2011: DKK 99.0 million). Most of the DKK 223.5 million collateral provided relates to BioMar. The collateral provided consists mainly of assets such as fish stocks and fish farming equipment.

2012 2011

Collateral breakdowns as shown below:

Collateral on receivables not due for payment.	192.9	77.6
Collateral on receivables due for payment which have not been individually impaired.	12.5	13.2
Collateral on receivables due for payment which have been individually impaired.	18.1	8.2

NOTE 17 - Construction contracts

Sales value of construction contracts	43.7	57.4
Invoiced on account	(59.0)	(63.7)
Construction contracts in total	(15.3)	(6.3)

Construction contracts (assets)	1.4	4.1
Construction contracts (liabilities)	(16.7)	(10.4)
Construction contracts in total	(15.3)	(6.3)

Notes

NOTE 18 - Share capital

The share capital consists of 25,500,000 shares with a nominal value of DKK 10 each. All shares rank equally. The share capital is fully paid.

The share capital has in 2009 been reduced by 2,500,000 shares in connection with the decision of a capital decrease. In 2008 share capital was increased by 12,470,000 shares in connection with a bonus share issue and 3,060,000 shares in connection with the merger of BioMar Holding and Schouw & Co.

Treasury shares

	Number of shares	Nominal value	Cost	Percentage of share capital
January 1, 2011	1,623,275	16,232,750	184.3	6.37%
Bought	536,750	5,367,500	76.2	2.10%
Group employee share scheme	(53,662)	(536,620)	(5.1)	-0.21%
Share option programme	(98,000)	(980,000)	(9.2)	-0.38%
December 31, 2011	2,008,363	20,083,630	246.2	7.88%
Share option programme	(70,000)	(700,000)	(7.0)	-0.28%
December 31, 2012	1,938,363	19,383,630	239.2	7.60%

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20.0% of the share capital. The authorisation is valid until April 1, 2017.

The company acquires treasury shares for allocation to the Group's share option programmes.

The Group's holding of treasury shares had a market value of DKK 288.8 million at December 31, 2012 (2011: DKK 185.8 million).

Dividend

A dividend of DKK 5 (2011: DKK 4) per share is proposed in respect of the 2012 financial year amount of DKK 127.5 million (2011: DKK 102.0 million). On April 17, 2012, the Group paid a dividend of DKK 4 (2011: DKK 3) per share for a dividend amount of DKK 102.0 million (2011: DKK 76.5 million).

NOTE 19 - Deferred tax

	2012	2011
Deferred tax at January 1	(89.5)	(61.0)
Foreign exchange adjustment	1.4	(3.1)
Reclassified to assets/liabilities available for sale	20.9	0.0
Deferred tax adjustment at January 1	(3.0)	4.6
Deferred tax for the year recognised in profit for the year of continuing operations	4.1	(53.6)
Deferred tax for the year recognised in profit for the year of discontinued operations	-	(11.6)
Transferred to income tax payable, January 1	1.1	(4.6)
Deferred tax for the year recognised in other comprehensive income	(2.1)	5.0
Addition on acquisition of subsidiary	0.0	34.8
Net deferred tax at December 31	(67.1)	(89.5)

Deferred tax is recognised in the balance sheet as follows:

Deferred tax (asset)	(192.7)	(217.1)
Deferred tax (liability)	125.6	127.6
Net deferred tax at December 31	(67.1)	(89.5)

Deferred tax pertains to:

Intangible assets	0.9	25.4
Property, plant and equipment	164.2	185.0
Current assets	(19.5)	(15.7)
Equity	0.1	0.0
Provisions	(1.4)	(3.4)
Other liabilities	(18.0)	(23.5)
Recaptured losses	0.0	11.4
Tax loss carry-forwards	(193.4)	(268.7)
Net deferred tax at December 31	(67.1)	(89.5)

Schouw & Co. has capitalised tax assets of DKK 192.7 million. It is expected that the tax capitalised will be absorbed by taxable income within the next few years.

In addition, corporate income tax is paid in two steps in Chile. 19% is paid in the tax year and the rest, 16%, is paid on the distribution of dividends by the company. Corporate income tax falling due for payment on distribution of accumulated profits amounted to DKK 104.7 million at December 31, 2012.

There are no deferred tax liabilities that have not been recognised in the balance sheet. Tax losses with an aggregate tax value of DKK 56.3 million (2011: DKK 46.8 million) have not been capitalised, because it is considered unlikely that they will be realised.

Notes

NOTE 19 - Deferred tax (continued)

Change in deferred tax	2012						Balance at Dec. 31
	Balance at Jan. 1	Foreign exchange adjustment	Additions on acquisition	Reclassified to discontinued operations	Recognised in profit for the year	Recognised in other comprehensive income	
Intangible assets	25.4	0.0	0.0	(23.0)	(1.5)	0.0	0.9
Property, plant and equipment	185.0	2.6	0.0	15.1	(38.5)	0.0	164.2
Receivables	(11.5)	0.0	0.0	0.4	(7.3)	0.0	(18.4)
Inventories	(6.4)	(0.3)	0.0	7.9	(1.8)	0.0	(0.6)
Other current assets	2.2	0.1	0.0	(2.0)	(0.8)	0.0	(0.5)
Equity	0.0	(0.1)	0.0	0.0	0.3	(0.1)	0.1
Provisions	(3.4)	(0.1)	0.0	1.3	0.8	0.0	(1.4)
Other liabilities	(23.5)	0.0	0.0	2.0	5.5	(2.0)	(18.0)
Recaptured losses	11.4	0.0	0.0	(10.2)	(1.2)	0.0	0.0
Tax losses	(268.7)	(0.8)	0.0	29.4	46.7	0.0	(193.4)
Total change in deferred tax	(89.5)	1.4	0.0	20.9	2.2	(2.1)	(67.1)

	2011						Balance at Dec. 31
	Balance at Jan. 1	Foreign exchange adjustment	Additions on acquisition	Reclassified to discontinued operations	Recognised in profit for the year	Recognised in other comprehensive income	
Intangible assets	23.5	0.0	7.4	0.0	(5.5)	0.0	25.4
Property, plant and equipment	158.2	0.2	22.7	0.0	3.9	0.0	185.0
Receivables	(24.4)	(0.2)	0.3	0.0	12.8	0.0	(11.5)
Inventories	(3.7)	0.2	0.1	0.0	(3.0)	0.0	(6.4)
Other current assets	0.7	0.0	0.0	0.0	1.5	0.0	2.2
Equity	(0.1)	0.0	0.0	0.0	0.0	0.1	0.0
Provisions	(2.7)	0.1	0.0	0.0	(0.8)	0.0	(3.4)
Other liabilities	(28.7)	(0.4)	4.3	0.0	(3.6)	4.9	(23.5)
Recaptured losses	8.5	0.0	0.0	0.0	2.9	0.0	11.4
Tax losses	(192.3)	(3.0)	0.0	0.0	(73.4)	0.0	(268.7)
Total change in deferred tax	(61.0)	(3.1)	34.8	0.0	(65.2)	5.0	(89.5)

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

Pensions	2012	2011
Changes in recognised liability:		
Net liability at January 1	23.7	24.0
Paid in	0.3	0.4
Paid out	(0.8)	(0.7)
Pensions - net liability at December 31	23.2	23.7

The pension obligation was calculated at DKK 23.2 million at December 31, 2012. The entire amount relates to Schouw & Co.'s liability to fund supplementary pensions under the previous practise of the KFK pension funds. 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.

Provisions	2012	2011
January 1	21.8	14.3
Reclassified to liabilities associated with assets classified as held for sale	(16.0)	0.0
Used during the year	(4.0)	(6.8)
Reversed during the year	0.0	(0.4)
Provisions made for the year	2.2	14.7
Provisions at December 31	4.0	21.8

Expected to fall due:		
Within 12 months	1.2	8.2
After more than 12 months	2.8	13.6
Provisions at December 31	4.0	21.8

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.

Pension and similar liabilities are recognised in the balance as:

Non-current liabilities	1.2	8.2
Current liabilities	26.0	37.3
Pension and similar liabilities in total	27.2	45.5

Notes

NOTE 21 - Interest-bearing debt

2012 2011

Debt recognised in the balance sheet:

Credit institutions (non-current)	874.3	1,021.7
Other liabilities (non-current)	15.8	15.8
Current portion of non-current liabilities	278.7	282.7
Credit institutions (current)	1,280.7	2,004.3
Interest-bearing debt in total	2,449.5	3,324.5

Fair value of the interest bearing debt 2,450.9 3,324.9

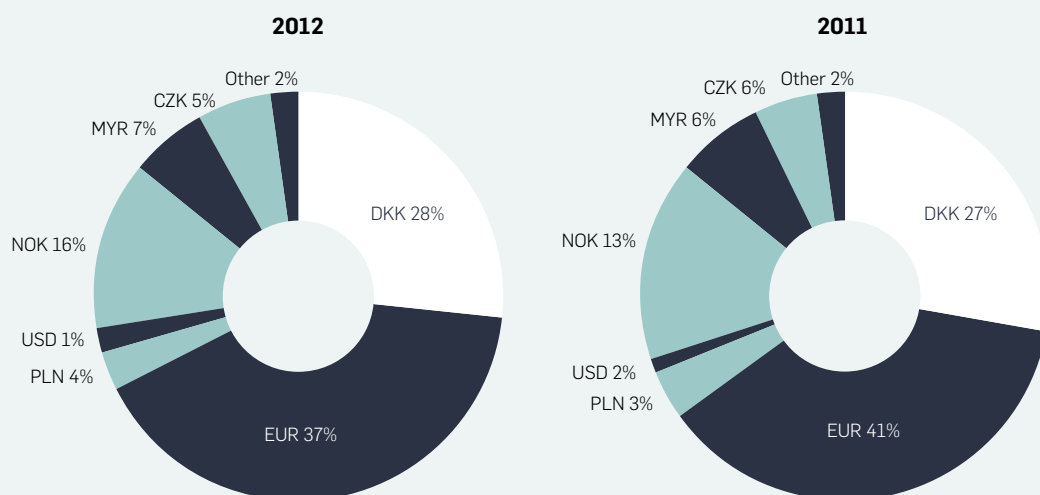
	Payment		Rate of interest		Carrying amount	
	2012	2011	2012	2011	2012	2011
Interest-bearing debt maturity profile						
Overdraft facilities without planned repayment	1,280.7	1,774.3	0.0	0.0	1,280.7	1,774.3
Less than 1 year	307.6	558.9	28.9	46.2	278.7	512.7
1-5 years	614.1	877.1	53.4	87.4	560.7	789.7
More than 5 years	354.6	292.2	25.2	44.4	329.4	247.8
Total	2,557.0	3,502.5	107.5	178.0	2,449.5	3,324.5

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

Weighted average effective rate of interest of the year was 3.8% (2011: 3.9%)

Weighted average effective rate of interest on the balance sheet date was 3.0% (2011: 3.2%)

Percentage breakdown of total interest-bearing debt by currency



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

	Lease payment		Rate of interest		Carrying amount	
	2012	2011	2012	2011	2012	2011
Expire in						
Less than 1 year	13.1	13.8	1.1	1.5	12.0	12.3
1-5 years	25.2	37.1	0.9	1.9	24.3	35.2
More than 5 years	0.0	0.0	0.0	0.0	0.0	0.0
Total	38.3	50.9	2.0	3.4	36.3	47.5

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

NOTE 21 - 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.

	2012			2011		
	Fixed rate debt	Floating rate debt	Total	Fixed rate debt	Floating rate debt	Total
Interest bearing debt	78.6	2,370.9	2,449.5	133.8	3,190.7	3,324.5
Hedging	576.4	(576.4)	0.0	512.2	(512.2)	0.0
Net exposure	655.0	1,794.5	2,449.5	646.0	2,678.5	3,324.5
Share in percent	26.7%	73.3%		19.4%	80.6%	
Hedging expires in :						
Less than 1 year	0.0	0.0		19.3	(19.3)	
1-5 years	243.7	(243.7)		377.6	(377.6)	
More than 5 years	332.7	(332.7)		115.3	(115.3)	
Total	576.4	(576.4)		512.2	(512.2)	

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

If interest rates rise by 1%, the annual interest expense would increase by about DKK 13 million after tax (2011: DKK 20 million).

NOTE 22 - Other liabilities

	2012	2011
Deposits (non-interest bearing)	8.0	6.9
Employee bonds (interest bearing)	15.8	15.8
Accruals and deferred income	56.0	65.0
Other liabilities in total	79.8	87.7

Schow & Co. has issued employee bonds in 2008 and 2009. The bond issued on December 31, 2009 has a nominal value of 7.6 million, a coupon of 2.5% per annum and runs until January 2, 2015. The bond issued on December 31, 2008 has a nominal value of 8.3 million, a coupon of 4.5% per annum and runs until January 2, 2014.

NOTE 23 - Trade payables and other payables

Trade payables	2,095.9	1,642.2
Customer prepayments	2.0	5.4
Other payables	385.6	389.4
Trade payables and other payables in total	2,483.5	2,037.0

Trade payables and other payables largely all fall due within one year.

NOTE 24 - Income tax

Net income tax payable at January 1	17.4	35.3
Reclassified to assets/liabilities available for sale	0.5	0.0
Exchange adjustments at January 1	0.1	1.1
Current tax for the year including jointly-taxed subsidiaries (continuing operations)	142.7	77.7
Current tax for the year including jointly-taxed subsidiaries (discontinued operations)	-	11.8
Prior-year adjustments	0.8	1.9
Transferred from deferred tax at January 1	(1.1)	4.6
Current tax for the year recognised in other comprehensive income	(4.1)	(4.2)
Additions on acquisitions	0.0	1.3
Disposal on sale of subsidiary	0.0	(0.1)
Corporate income tax paid during the year (continuing operations)	(117.6)	(104.3)
Corporate income tax paid during the year (discontinued operations)	-	(7.7)
Income tax at December 31	38.7	17.4

Which is distributed as follows:

Income tax receivable	(6.5)	(17.5)
Income tax payable	45.2	34.9
Income tax at December 31	38.7	17.4

Notes

NOTE 25 - Changes in working capital

	2012	2011
Change in inventories	(210.1)	(232.5)
Change in receivables	(470.6)	(480.8)
Change in trade payables and other payables	569.8	346.0
Changes in working capital in total	(110.9)	(367.3)

NOTE 26 - Adjustment for non-cash transactions

Purchase of intangible assets	24.0	25.1
Of which had not been paid at the balance sheet date/adjustment for the year	(0.5)	0.0
Amount paid in relation to intangible assets	23.5	25.1
Purchase of property, plant and equipment	351.4	552.4
Of which had not been paid at the balance sheet date/adjustment for the year	(9.5)	1.4
Of which assets held under finance leases	0.0	(1.1)
Amount paid in relation to purchase of property, plant and equipment	341.9	552.7
Incurring financial liabilities	199.3	282.6
Of which lease debt	(1.1)	(1.9)
Proceeds from incurring financial liabilities	198.2	280.7

NOTE 27 - Acquisitions of subsidiaries

The Group did not acquire any companies in 2012.

In 2011, the Group acquired three businesses. The total fair values at the dates of acquisition comprise:

	Acquisition of Tharreau Industries	Other acquisitions	Total acquisitions in 2011
Intangible assets	24.4	12.2	36.6
Property, plant and equipment	158.6	0.0	158.6
Financial assets	0.5	0.0	0.5
Inventories	72.4	8.4	80.8
Receivables	92.9	0.0	92.9
Tax asset	0.2	0.0	0.2
Cash and cash equivalents	54.9	0.0	54.9
Credit institutions	(67.8)	0.0	(67.8)
Deferred tax	(34.8)	0.0	(34.8)
Provisions	0.1	(0.2)	(0.1)
Trade payables	(26.5)	0.0	(26.5)
Other liabilities	(21.2)	(2.4)	(23.6)
Net assets acquired	253.7	18.0	271.7
Of which minority interests	(46.0)	0.0	(46.0)
Current value of original share of equity	0.0	(4.8)	(4.8)
Badwill	0.0	(4.6)	(4.6)
Goodwill	45.8	0.0	45.8
Cost	253.5	8.6	262.1
Of which cash and cash equivalents	(54.9)	0.0	(54.9)
Cash cost total	198.6	8.6	207.2

In 2011, the Group acquired 85.27% of the shares of Tharreau Industries SA in France, strengthening its position in the nonwovens industry. The acquisition price of the shares amounted to DKK 253 million. The transaction involved acquisition costs of DKK 3.9 million, which amount was recognised under administrative expenses. The company was consolidated in the Schouw & Co. financial statements effective from May 2011.

Goodwill related to the acquisition amounted to DKK 45.8 million including the share attributable to minority interests. The recognised goodwill is not amortisable for tax purposes. In connection with the acquisition, minority interests were recognised at the proportionate share of fair value.

In a mandatory tender offer to Tharreau's minority shareholders in June 2011, Schouw & Co. acquired an additional 4.35% of the share capital at a price of DKK 16.3 million, increasing the total shareholding interest to 89.62%. Costs incurred to advisers, etc. amounted to a total of DKK 2.7 million, which amount was recognised in equity under other changes in equity.

Notes

NOTE 27 - Acquisitions of subsidiaries (continued)

In 2011, Grene acquired, at a price of DKK 8.1 million, a small business in Poland involving three shops and the addition of 22 employees. No other assets were identified in connection with the acquisition, nor did it add goodwill.

In 2011, Xergi acquired the outstanding 50% of the shares in GFE Patent A/S at a price of DKK 0.5 million. In connection with the acquisition, negative goodwill of DKK 9.1 million was identified, of which Schouw & Co.'s share of DKK 4.5 million was recognised in other operating income.

NOTE 28 - Divestment of subsidiaries and activities

Carrying amount at the time of divestment of:

	2012	2011
Intangible assets	0.0	0.0
Property, plant and equipment	0.0	0.1
Inventories	0.0	0.1
Receivables	0.0	1.6
Cash and cash equivalents	0.0	0.2
Provisions	0.0	(0.2)
Trade payables	0.0	(0.6)
Other liabilities	0.0	(0.3)
Net assets sold	0.0	0.9
Disposal of goodwill regarding divested companies	0.0	0.0
Gain / loss from divestment of equity investments before cost of sale	0.0	1.9
Dissolution of reserve for exchange rate adjustments in respect of the company divested	0.0	0.0
Selling price	0.0	2.8
Of which cash and cash equivalents	0.0	(0.2)
Cash selling price	0.0	2.6

The Group entered into an agreement to sell Martin in 2012, but as the transaction will not be closed until in 2013 Martin is presented under discontinued operations. See note 29. In 2011, the Group divested Xergi Services Ltd., a subsidiary of Xergi.

Notes

NOTE 29 - Discontinued operations and assets held for sale

	2012	2011
Profit from discontinued operations		
Revenue	931.6	854.7
Cost of sales	(661.6)	(649.8)
Gross profit	270.0	204.9
Distribution costs	(164.3)	(146.5)
Administrative expenses	(48.7)	(57.6)
Other operating income/expenses, net	1.0	1.8
Operating profit (EBIT)	58.0	2.6
Financial items, net	(7.7)	(19.9)
Profit before tax	50.3	(17.3)
Tax on profit for the year	(16.4)	(0.2)
Profit after tax	33.9	(17.5)
Cost of divesting activities	(5.0)	0.0
Tax on divestment	0.0	0.0
Profit for the year from discontinued operations	28.9	(17.5)
Earnings per share from discontinued operations (DKK)	1.23	(0.75)
Diluted earnings per share from discontinued operations (DKK)	1.23	(0.74)
Cash flows from operating activities	144.3	(3.0)
Cash flows from investing activities	(38.7)	(39.2)
Cash flows from financing activities	(70.8)	(2.3)
Cash proportion of proceeds from divestment	(5.1)	0.0
Cash flows from discontinued operations	29.7	(44.5)
Assets held for sale		
Intangible assets	123.8	129.9
Property, plant and equipment	29.3	37.5
Other non-current assets	33.7	52.0
Cash and cash equivalents	14.1	6.8
Other current assets	528.7	507.3
Assets held for sale - total	729.6	733.5
Presented under the line item Assets held for sale in the consolidated balance sheet	729.6	-
Liabilities associated with assets classified as held for sale		
Interest-bearing debt	305.3	410.2
Other creditors	219.1	161.4
Liabilities associated with assets classified as held for sale - total	524.4	571.6
Presented under the line item Liabilities relating to assets held for sale in the consolidated balance sheet	524.4	-

Notes

NOTE 30 - Categories of financial assets and liabilities

2012 2011

Financial assets

Non-current assets

Other securities and investments (Vestas)	127.4	248.0
Fair value recognised in the income statement ¹⁾	127.4	248.0

Other investments and securities (other equity holdings)	27.5	26.7
Available-for-sale financial assets ³⁾	27.5	26.7

Other receivables	116.1	159.6
Receivables measured at amortised cost	116.1	159.6

Current assets

Other securities and investments (Lerøy)	132.2	80.9
Fair value recognised in the income statement ¹⁾	132.2	80.9

Trade receivables	2,515.0	2,231.5
Other receivables	141.2	125.7
Cash and cash equivalents	392.7	541.3
Receivables measured at amortised cost	3,048.9	2,898.5

Other receivables (derivative financial instruments)	0.0	7.9
Trading portfolio ²⁾	0.0	7.9

Financial assets available for sale	226.7	0.0
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Financial liabilities

Non-current liabilities

Debt to mortgage-credit institutions	268.2	204.3
Other (debt) to credit institutions	606.0	817.4
Other liabilities	23.9	22.7
Financial liabilities measured at amortised cost	898.1	1,044.4

Current liabilities

Debt to mortgage-credit institutions	41.5	10.8
Other (debt) to credit institutions	1,517.9	2,276.2
Trade payables	2,095.9	1,642.2
Financial liabilities measured at amortised cost	3,655.3	3,929.2

Other debt (derivative financial instruments)	52.0	42.5
Trading portfolio ²⁾	52.0	42.5

Financial liabilities regarding assets available for sale	413.1	0.0
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1) Listed shares, stated at market value of shareholding (level 1).

2) Financial instrument stated in accordance with generally accepted valuation techniques based on observable data (level 2) measured by external credit institutions.

3) Unlisted shares, stated at estimated value (level 3).

Notes

NOTE 31 - 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- and Lerøy-shares. Group policy is not to actively conduct speculation in financial instruments. Accordingly, the Group's financial management exclusively involves the management of financial risk relating to its operations and investments.

Currency risk

In order to limit currency risk, the group applies a number of financial instruments, mainly forward currency transactions and currency options. The individual group companies manage and hedge current and future currency positions in accordance with guidelines determined by Schouw & Co. It is group policy to hedge material expected currency flows in currencies not closely correlated with EUR 6–12 months forward.

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 Nonwovens has raised a loan of CZK 300 million (DKK 89.0 million) to hedge the net investment in Fibertex Nonwovens in the Czech Republic. No other net investments have been hedged. Generally, group policy is not to hedge a net investment.

Set out in the table below are the Group's most significant exchange risks at December 31, determined by aggregating the gross currency risks of the individual group companies. 'Likely change in exchange rate' is based on historical developments of the exchange rates at year end in the last three years.

The group's foreign exchange risk recognised in the balance sheet at December 31, 2012

Currency	Position before hedging ¹⁾	Hedged by financial instruments ²⁾	Position after hedging	Likely change in exchange rate ³⁾	Effect on profit for the year ⁴⁾
EUR / DKK	(425.8)	(3.9)	(429.7)	0.3%	(1.3)
NOK / DKK	182.2	(183.0)	(0.8)	4.5%	(0.0)
CZK / DKK	(151.2)	44.5	(106.7)	3.5%	(3.7)
MYR / DKK	(141.4)	0.0	(141.4)	7.8%	(11.0)
USD / GBP	(93.4)	63.8	(29.6)	2.5%	(0.7)
USD / NOK	(260.5)	239.0	(21.5)	3.5%	(0.8)
EUR / MYR	(78.4)	0.0	(78.4)	6.3%	(4.9)
EUR / RUB	(57.1)	0.0	(57.1)	6.6%	(3.8)
EUR / NOK	(143.6)	101.7	(41.9)	4.0%	(1.7)

The group's foreign exchange risk recognised in the balance sheet at December 31, 2011

Currency	Position before hedging ¹⁾	Hedged by financial instruments ²⁾	Position after hedging	Likely change in exchange rate ³⁾	Effect on profit for the year ⁴⁾
EUR / DKK	(974.6)	0.0	(974.6)	0.2%	(1.9)
USD / DKK	(36.9)	9.6	(27.3)	4.1%	(1.1)
CZK / DKK	(51.7)	28.8	(22.9)	2.6%	(0.6)
MYR / DKK	(168.1)	0.0	(168.1)	7.1%	(11.9)
USD / GBP	(41.9)	51.6	9.7	3.9%	0.4
USD / NOK	(65.1)	59.3	(5.8)	6.7%	(0.4)
USD / MYR	33.4	0.0	33.4	4.9%	1.6
EUR / PLN	(33.5)	0.0	(33.5)	5.6%	(1.9)
EUR / RUB	(55.2)	0.0	(55.2)	6.7%	(3.7)
EUR / NOK	(42.4)	0.0	(42.4)	7.4%	(3.1)

1) A negative net position implies debt, a positive net position implies receivables.

2) Positive principal amounts on forward currency contracts indicate a purchase of the currency in question. Negative principal amounts indicate a sale.

3) Increase in per cent in the currency exchange rate.

4) A decrease in the currency exchange rate would reverse the sign.

Notes

NOTE 31 - 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

Currency	2012			2011		
	Notional principal ¹⁾	Capital gain (loss) recognised in other comprehensive income	Maximum number of months to expiry	Notional principal ¹⁾	Capital gain (loss) recognised in other comprehensive income	Maximum number of months to expiry
USD / DKK	23.8	(0.3)	3	22.2	1.5	3
NOK / DKK	23.6	(0.1)	3	0.0	0.0	0
USD / GBP	46.0	0.5	3	21.3	(0.9)	3
EUR / GBP	10.4	(0.1)	3	0.8	0.0	3
DKK / GBP	0.0	0.0	0	2.2	0.1	3
USD / NOK	94.4	(1.5)	3	90.1	5.0	3
EUR / NOK	69.1	(0.6)	3	49.8	(0.3)	3
Recognised in other comprehensive income in total		(2.1)			5.4	

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, 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.

Hedging agreements regarding future transaction recognised in other comprehensive income	2012		2011	
	Capital gain (loss) recognised in other comprehensive income	Maximum number of months to expiry	Capital gain (loss) recognised in other comprehensive income	Maximum number of months to expiry
Currency hedging	(2.1)	3	5.4	3
Interest rate hedging	(54.1)	168	(42.8)	180
Hedging agreements before tax	(56.2)		(37.4)	
Tax on hedging agreements	13.6		8.9	
Hedging agreements after tax	(42.6)		(28.5)	

Financial investments. Schouw & Co. is exposed to fluctuations in the price of Vestas and Lerøy shares. Price developments in 2012 had a negative effect of DKK 120.6 million on the Vestas shares and a positive effect of DKK 52.3 million on the Lerøy shares. Note 14 contains a more detailed description of developments in the value of Schouw & Co.'s shares in Vestas and Lerøy.

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

Interest rate risk. The Group hedges parts of the interest rate risk on its debt subject to a case-by-case assessment. Interest rate risk is further described in note 21.

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, 2012, the maximum credit risk considering the collateral provided was DKK 2,684.2 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/renewal dates and counterparties, with due consideration to costs.

The Group's cash reserves consist of cash, readily marketable shares in Vestas and Lerøy 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.

	2012	2011
Breakdown of the group's cash resources at December 31:		
Operating credit facility	2,343.0	3,056.3
Drawn operating credits, see note 21	(1,280.7)	(2,004.3)
Cash and cash equivalents	392.7	541.3
Financial investments	259.1	328.5
Cash resources	1,714.1	1,921.8

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 800 million credit facility, which is interminable on the part of the bank until June 30, 2013, subject to compliance with covenants.

Notes

NOTE 31 - Financial risks (continued)

The Group's debt maturity profile:

2012	Carrying amount	Overdraft facilities without planned repayment	Cash flows including interests			Total
			Less than 1 year	1-5 years	More than 5 years	
Non-derivative financial instruments						
Banks and other credit institutions	2,413.2	1,280.7	294.5	588.9	354.6	2,518.7
Financial leases	36.3	-	13.1	25.2	0.0	38.3
Trade payables	2,095.9	-	2,095.9	0.0	0.0	2,095.9
Other current payables, etc.	380.6	-	380.6	0.0	0.0	380.6
Derivative financial instruments						
Forward currency contracts used as hedging instruments	7.0	-	7.0	0.0	0.0	7.0
Interest rate swaps used for hedging	44.7	-	10.7	20.0	17.2	47.9
Recognised in the balance sheet total	4,977.7	1,280.7	2,801.8	634.1	371.8	5,088.4
Operational leases						
Legal obligation at December 31 for the purchase of property, plant and equipment			101.7	229.7	183.6	515.0
			233.7	0.0	0.0	233.7
Total		1,280.7	3,137.2	863.8	555.4	5,837.1

2011	Carrying amount	Overdraft facilities without planned repayment	Cash flows including interests			Total
			Less than 1 year	1-5 years	More than 5 years	
Non-derivative financial instruments						
Banks and other credit institutions	3,277.0	1,774.3	545.1	840.0	292.2	3,451.6
Financial leases	47.5	-	13.8	37.1	0.0	50.9
Trade payables	1,642.2	-	1,642.2	0.0	0.0	1,642.2
Other current payables, etc.	394.8	-	394.8	0.0	0.0	394.8
Derivative financial instruments						
Forward currency contracts used as hedging instruments	0.0	-	0.0	0.0	0.0	0.0
Interest rate swaps used for hedging	42.8	-	9.4	23.2	12.1	44.7
Recognised in the balance sheet total	5,404.3	1,774.3	2,605.3	900.3	304.3	5,584.2
Operational leases						
Legal obligation at December 31 for the purchase of property, plant and equipment			131.6	274.0	186.4	592.0
			29.6	0.0	0.0	29.6
Total		1,774.3	2,766.5	1,174.3	490.7	6,205.8

Capital management

Schoww & Co. gives priority to having a high equity ratio in order to ensure financial versatility. The company's significant undrawn credit limits and its highly liquid portfolio of securities means that it has substantial cash resources. See the table above.

NOTE 32 - Operational leases and rent commitments

	2012				
	Property	Machinery	Ships	Cars	Total
Due for payment within 1 year	22.0	4.6	67.3	7.8	101.7
Due for payment within 1-5 years	26.6	8.5	186.0	8.6	229.7
Due for payment after 5 years	17.5	0.5	165.6	0.0	183.6
Total operational leases and rent commitments	66.1	13.6	418.9	16.4	515.0

	2011				
	Property	Machinery	Ships	Cars	Total
Due for payment within 1 year	31.8	8.2	81.1	10.5	131.6
Due for payment within 1-5 years	52.6	6.8	199.9	14.7	274.0
Due for payment after 5 years	11.5	3.1	171.8	0.0	186.4
Total operational leases and rent commitments	95.9	18.1	452.8	25.2	592.0

BioMar has signed long-term agreements for the lease of vessels incl. crew etc. (time charter). In the above table only services related to the right to use ships (bareboat) is included.

An amount of DKK 109,2 million (2011: DKK 102.6 million) relating to operating leases and rent has been recognised in the consolidated income statement for 2012.

Notes

NOTE 33 - Contingent liabilities and collaterals

Contingent liabilities

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, 2012.

Collaterals

The following assets have been provided as security to credit institutions (carrying amount) :

	2012	2011
Land and buildings	755.6	709.3
Plant and machinery	211.6	264.0
Current assets	334.3	297.7
Other collaterals	10.6	20.2

The collateral set out above represents the Group's debt to credit and mortgage-credit institutions of DKK 1,452.1 million (2011: DKK 1,467.9 million).

The Group has provided collateral security for debt of DKK 854.2 million (2011: DKK 969.2 million) to credit institutions by way of shares in certain subsidiaries. The subsidiaries are recognised in the consolidated financial statements at net assets of DKK 1,739.8 million (2011: DKK 1,494.9 million).

NOTE 34 - Related party transactions

Under Danish legislation, Givesco A/S, Svinget 24, DK-7323 Give, members of the Board of Directors, the Management Board and senior management as well as their family members are considered to be related parties. Related parties also comprise companies in which the individuals mentioned above have material interests. 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 boards of directors, management boards and senior employees of those companies.

Management's remuneration and share option programmes are set out in note 3.

At December 31, 2012, the Group had a loan receivable from Incuba totalling DKK 10.0 million (2011: DKK 10.5 million). In 2012, the Group received a management fee of DKK 0.1 million (2011: DKK 0.1 million) as well as interest income of DKK 0.9 million (2011: DKK 0.9 million) from Incuba A/S.

There were no other related party transactions in 2012.

Schouw & Co. has registered the following shareholders as holding more than 5% of the share capital: Givesco A/S (28.09%), Direktør Svend Hornslyds Legat (14.82%) and Aktieselskabet Schouw & Co. (7.60%).

NOTE 35 - Events after the balance sheet date

On January 23, 2013, the Group sold 1,000,000 shares in Lerøy at a price of DKK 145 million. The carrying amount at December 31, 2012 was DKK 132 million. The divestment of Martin was finalised on February 28, 2013. The gain from the sale will be recognised in the first quarter of 2013.

After the end of the financial year, Grene entered into an agreement to merge its Finnish activities with peer company Noramaa OY. The joint venture, in which Grene will have a 56% stake, will have a total annual revenue of about DKK 75 million.

Other than as set out above and elsewhere in this Annual Report, Schouw & Co. is not aware of events occurring after December 31, 2012, which are expected to have a material impact on the Group's financial position or outlook.

NOTE 36 - New accounting regulations

A number of new or updated accounting standards (IAS/IFRS) have been issued and existing standards have been updated, which are not mandatory for Schouw & Co. in the preparation of the 2012 annual report (IFRIC 20, IFRS 9-13, amendments to IFRS 7, amendments to IAS 1, 19, 27, 28 and 32, and improvements to IFRSs (2009-2011)). Schouw & Co. expects to implement the new financial reporting standards and interpretations when they become mandatory as per the EU effective dates.

Under IFRS 11 relating to joint ventures and similar arrangements, it will no longer be possible to choose between pro-rata consolidation and the equity method in jointly controlled companies, and this may affect the presentation of joint ventures (including the ownership interest in Xergi). The amendments are not expected to have any other material impact on the financial reporting of Schouw & Co.

Improvements to IFRSs (2009-2011) contain "Amendment to IAS 16", which comes into force on January 1, 2013. The amendment will affect the classification in the balance sheet, because some of the Group's companies will henceforth classify spare parts under property, plant and equipment rather than inventories.

Income- and comprehensive statement January 1 - December 31

	2012	2011
Note		
1 Revenue	20.7	19.5
2 Cost of sales	(1.6)	(1.6)
Gross profit	19.1	17.9
4 Other operating income	0.1	0.9
2.3 Administrative expenses	(23.5)	(24.3)
4 Other operating expenses	(5.1)	(0.3)
Operating profit (EBIT)	(9.4)	(5.8)
6 Financial income	553.1	360.4
7 Financial expenses	(116.5)	(388.4)
Profit before tax	427.2	(33.8)
8 Tax on profit for the year	1.3	1.6
Profit for the year	428.5	(32.2)
Proposed allocation of profit		
Proposed dividend, DKK 5 per share (2011: DKK 4 per share)	127.5	102.0
Retained earnings	301.0	(134.2)
Profit for the year	428.5	(32.2)
Comprehensive income		
Value adjustment of hedging instruments recognised during the year	1.5	1.2
Value adjustment of hedging instruments transferred to financials	(4.3)	(4.5)
Tax on other comprehensive income	0.7	0.8
Other comprehensive income after tax	(2.1)	(2.5)
Profit for the year	428.5	(32.2)
Total recognised comprehensive income	426.4	(34.7)

Balance · Assets, liabilities and equity at December 31

	2012	2011
Note		
Land and buildings	14.8	14.8
Investment properties	83.7	66.8
Other fixtures, tools and equipment	1.5	1.6
Assets under construction	0.0	3.6
9 Property, plant and equipment	100.0	86.8
5 Equity investments in subsidiaries	2,618.6	2,971.3
5 Equity investments in joint ventures	20.1	20.6
5 Equity investments in associates	39.9	39.9
10 Receivables from subsidiaries	240.4	284.0
11 Deferred tax	9.5	11.9
Securities	2.2	2.3
Other non-current assets	2,930.7	3,330.0
Total non-current assets	3,030.7	3,416.8
10 Receivables from subsidiaries	87.7	24.6
10 Other receivables	10.5	11.1
19 Income tax	0.0	0.3
Accruals and deferred income	0.3	0.2
Total current assets	98.5	36.2
12 Discontinued operations	490.0	0.0
Total assets	3,619.2	3,453.0
	2012	2011
Note		
13 Share capital	255.0	255.0
Hedge transaction reserve	(6.8)	(4.7)
Retained earnings	2,928.8	2,608.5
Proposed dividend	127.5	102.0
Total equity	3,304.5	2,960.8
14 Pensions and similar liabilities	23.2	23.7
15 Credit institutions	73.0	78.5
16 Other liabilities	19.6	19.0
Non-current liabilities	115.8	121.2
15 Current portion of non-current debt	5.4	5.0
15 Credit institutions	6.0	278.4
15 Payables to subsidiaries	94.6	34.7
17 Trade payables and other payables	17.0	9.8
18 Joint taxation contribution	75.0	43.1
19 Income tax	0.9	0.0
Current liabilities	198.9	371.0
Total liabilities	314.7	492.2
Total liabilities and equity	3,619.2	3,453.0

21-24 Notes without reference

Cash flow statement January 1 - December 31

	2012	2011
Note		
Profit before tax	427.2	(33.8)
Adjustment for operating items of a non-cash nature, etc.		
2 Depreciation and impairment losses	0.7	0.9
Other operating items, net	1.8	0.5
Provisions	(0.1)	(0.2)
Financial income	(553.1)	(360.4)
Financial expenses	116.5	388.4
Cash flows from operating activities before changes in working capital	(7.0)	(4.6)
20 Changes in working capital	4.1	(1.3)
Cash flows from operating activities	(2.9)	(5.9)
Interest income received	10.3	10.3
Interest expenses paid	(5.3)	(10.3)
Cash flows from ordinary activities	2.1	(5.9)
18-19 Joint taxation contribution received and net tax paid	37.6	15.6
Cash flows from operating activities	39.7	9.7
Purchase of property, plant and equipment	(13.9)	(4.4)
Sale of property, plant and equipment	0.0	2.9
Capital increase in subsidiaries and joint ventures	(5.0)	(110.5)
Dividend from subsidiaries	300.0	350.0
Loans to associate	0.6	(2.8)
Cash flows from investing activities	281.7	235.2
Debt financing:		
Repayment of non-current liabilities	(5.3)	(5.1)
Increase (repayment) of debt to credit institutions	(272.3)	(37.7)
Increase (repayment) of intra-group balances	40.5	(72.0)
Shareholders:		
Dividend paid	(94.2)	(70.8)
Purchase / sale of treasury shares etc.	9.9	(59.3)
Cash flows from financing activities	(321.4)	(244.9)
Cash flows for the year	0.0	0.0
Cash and cash equivalents at January 1	0.0	0.0
Cash and cash equivalents at December 31	0.0	0.0

Equity statement

	Share capital	Hedge transaction reserve	Retained earnings	Proposed dividend	Total equity
Equity at January 1, 2011	255.0	(2.2)	2,795.0	76.5	3,124.3
Other comprehensive income for 2011					
Value adjustment of hedging instruments	0.0	(4.5)	0.0	0.0	(4.5)
Hedging instruments transferred to financials	0.0	1.2	0.0	0.0	1.2
Tax on other comprehensive income	0.0	0.8	0.0	0.0	0.8
Profit for the year	0.0	0.0	(134.2)	102.0	(32.2)
Total recognised comprehensive income	0.0	(2.5)	(134.2)	102.0	(34.7)
Transactions with the owners					
Share-based payment, net	0.0	0.0	5.2	0.0	5.2
Dividend distributed	0.0	0.0	5.7	(76.5)	(70.8)
Treasury shares sold	0.0	0.0	13.0	0.0	13.0
Treasury shares bought	0.0	0.0	(76.2)	0.0	(76.2)
Transactions with the owners for the period	0.0	0.0	(52.3)	(76.5)	(128.8)
Equity at December 31, 2011	255.0	(4.7)	2,608.5	102.0	2,960.8
Other comprehensive income for 2012					
Value adjustment of hedging instruments	0.0	(4.3)	0.0	0.0	(4.3)
Hedging instruments transferred to financials	0.0	1.5	0.0	0.0	1.5
Tax on other comprehensive income	0.0	0.7	0.0	0.0	0.7
Profit for the year	0.0	0.0	301.0	127.5	428.5
Total recognised comprehensive income	0.0	(2.1)	301.0	127.5	426.4
Transactions with the owners					
Share-based payment, net	0.0	0.0	5.9	0.0	5.9
Dividend distributed	0.0	0.0	7.8	(102.0)	(94.2)
Treasury shares sold	0.0	0.0	5.6	0.0	5.6
Transactions with the owners for the period	0.0	0.0	19.3	(102.0)	(82.7)
Equity at December 31, 2012	255.0	(6.8)	2,928.8	127.5	3,304.5

Hedge transaction reserve

The hedge transaction reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised.

Notes

NOTE 1 - Revenue

	2012	2011
Management fee	5.2	4.6
Rental income etc.	15.5	14.9
Total revenue	20.7	19.5

NOTE 2 - Costs

Staff costs

Remuneration to the Board of Directors of Schouw & Co.	(2.2)	(2.1)
Wages and salaries	(12.4)	(11.7)
Other social security costs	(0.1)	(0.1)
Defined contribution pension plans	(0.8)	(0.9)
Share-based payment	(1.6)	(1.3)
Total staff costs	(17.1)	(16.1)

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	11	11
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Share option program

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

Depreciation

Depreciation of property, plant and equipment	(0.7)	(0.9)
Total depreciation/amortisation and impairment	(0.7)	(0.9)

Depreciation is recognised in the income statement as follows:

Production	(0.4)	(0.2)
Administration	(0.3)	(0.7)
Total depreciation/amortisation and impairment	(0.7)	(0.9)

NOTE 3 - Fees to the auditor appointed by the general meeting

Audit fees, KPMG	(0.3)	(0.3)
Fees for other assurance engagements, KPMG	0.0	(0.1)
Fees for tax- and VAT-related services, KPMG	(0.2)	(0.1)
Fees for other services, KPMG	(0.3)	(0.2)
Total fees, KPMG	(0.8)	(0.7)

NOTE 4 - other operating income and expenses

Gains on the disposal of property, plant and equipment	0.0	0.9
Other operating income	0.1	0.0
Total other operating income	0.1	0.9
Losses on the disposal of property, plant and equipment	0.0	(0.3)
Selling cost related to divestment of Martin	(5.1)	0.0
Total other operating expenses	(5.1)	(0.3)

Notes

NOTE 5 - Investments

	2012			
	Subsidiaries	Joint ventures	Associates	Total
Cost at January 1	4,149.5	55.0	66.5	4,271.0
Capital contributions made during the year	0.0	5.0	0.0	5.0
Reclassified to assets available for sale	(698.1)	0.0	0.0	(698.1)
Cost at December 31	3,451.4	60.0	66.5	3,577.9
Impairment at January 1	(1,178.2)	(34.4)	(26.6)	(1,239.2)
Impairment	(105.4)	(5.5)	0.0	(110.9)
Reversal of prior-year impairment	242.7	0.0	0.0	242.7
Reclassified to assets available for sale	208.1	0.0	0.0	208.1
Impairment at December 31	(832.8)	(39.9)	(26.6)	(899.3)
Carrying amount at December 31	2,618.6	20.1	39.9	2,678.6

	2011			
	Subsidiaries	Joint ventures	Associates	Total
Cost at January 1	4,049.5	44.5	66.5	4,160.5
Capital contributions made during the year	100.0	10.5	0.0	110.5
Cost at December 31	4,149.5	55.0	66.5	4,271.0
Impairment at January 1	(835.9)	(21.2)	(4.1)	(861.2)
Impairment	(342.3)	(13.2)	(22.5)	(378.0)
Impairment at December 31	(1,178.2)	(34.4)	(26.6)	(1,239.2)
Carrying amount at December 31	2,971.3	20.6	39.9	3,031.8

Navn	Classified as	Registered office	2011	2010
BioMar Group A/S	Subsidiary	Aarhus	100%	100%
Fibertex Nonwovens A/S	Subsidiary	Aalborg	100%	100%
Fibertex Personal Care A/S	Subsidiary	Aalborg	100%	100%
Martin Professional A/S	Discontinued operations	Aarhus	100%	100%
P. Grene A/S	Subsidiary	Skjern	100%	100%
Hydra-Grene A/S	Subsidiary	Skjern	100%	100%
Schouw & Co. Finans A/S	Subsidiary	Aarhus	100%	100%
Xergi A/S	Joint venture	Støvring	50%	50%
Incuba A/S	Associate	Aarhus	49,02%	49,02%

Schouw & Co. has tested investments for impairment, which resulted in a total write-down of DKK 110.9 million and a reversal of write-downs of DKK 242.7 million. The value of Schouw & Co. Finans has been written down by DKK 105.4 million as a result of the depreciation of the holding of Vestas shares. The value of Xergi has been written down by DKK 5.5 million. Reversed write-downs of DKK 242.7 million relate to Martin, which has been reclassified as discontinued operations.

NOTE 6 - Financial income

	2012	2011
Interest income on financial assets measured at amortised cost, etc.	1.0	0.9
Interest income from subsidiaries measured at amortised cost.	9.3	9.4
Reversal of write-downs on investments in subsidiaries.	242.7	0.0
Currency transaction adjustments	0.1	0.1
Dividends from subsidiaries	300.0	350.0
Total financial income	553.1	360.4

Notes

NOTE 7 - Financial expenses

	2012	2011
Impairment of investments in subsidiaries and joint ventures	(110.9)	(355.5)
Impairment of investments in associates	0.0	(22.5)
Interest on financial liabilities measured at amortised cost, etc.	(3.8)	(9.2)
Interest payable to subsidiaries measured at amortised cost.	(0.3)	0.0
Fair value adjustments of hedging transactions transferred from equity	(1.5)	(1.2)
Total financial expenses	(116.5)	(388.4)

The impairment of investments is described in note 5.

Capitalised borrowing costs amounted to DKK 0.1 million in 2012 based on an average rate of interest of 2.95% p.a.

No borrowing costs were capitalised in 2011.

NOTE 8 - Tax on the profit for the year

Tax for the year is composed as follows

Tax on the profit for the year	1.3	1.6
Tax on other comprehensive income	0.7	0.8
Tax in total	2.0	2.4

Tax on the profit for the year has been calculated as follows

Current tax	0.8	0.4
Deferred tax	0.5	1.2
Tax recognised in the income statement in total	1.3	1.6

Specification of the tax on the profit for the year

Calculated 25% tax of the profit for the year	(106.8)	8.4
Tax effect of non-taxable income	108.1	(6.8)
Tax recognised in the income statement in total	1.3	1.6

Effective tax rate	-0.3%	4.7%
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Non-taxable income and non-deductible expenses relate primarily to non-deductible write-downs of subsidiaries/reversed write-downs and non-taxable dividend from subsidiaries.

Tax included in other comprehensive income

Value adjustment of hedging instruments transferred to financials	(4.3)	(4.5)
Tax on value adjustment of hedging instruments transferred to the income statement	1.1	1.1
Value adjustment of hedging instruments transferred to the income statement after tax	(3.2)	(3.4)

Value adjustment of hedging instruments for the year before tax	1.5	1.2
Tax on value adjustment of hedging instruments for the year	(0.4)	(0.3)
Value adjustment of hedging instruments for the year after tax	1.1	0.9

Notes

NOTE 9 - Property, plant and equipment

	2012				Total
	Land and buildings	Investment-properties	Other fixtures, tools and equipment	Assets under construction	
Cost at January 1, 2012	17.6	95.4	5.9	3.6	122.5
Transferred/reclassified	0.0	17.3	0.0	(17.3)	0.0
Additions	0.0	0.0	0.2	13.7	13.9
Disposals	0.0	0.0	(0.2)	0.0	(0.2)
Cost at December 31, 2012	17.6	112.7	5.9	0.0	136.2
Depreciation and impairment at January 1, 2012	(2.8)	(28.6)	(4.3)	0.0	(35.7)
Depreciation	0.0	(0.4)	(0.3)	0.0	(0.7)
Depreciation of disposed assets	0.0	0.0	0.2	0.0	0.2
Depreciation and impairment at December 31, 2012	(2.8)	(29.0)	(4.4)	0.0	(36.2)
Carrying amount at December 31, 2012	14.8	83.7	1.5	(0.0)	100.0
Depreciated over	25 years	20-40 years	3-8 years		

	2011				Total
	Land and buildings	Investment-properties	Other fixtures, tools and equipment	Assets under construction	
Cost at January 1, 2011	17.6	97.5	6.5	0.0	121.6
Additions	0.0	0.0	0.8	3.6	4.4
Disposals	0.0	(2.1)	(1.4)	0.0	(3.5)
Cost at December 31, 2011	17.6	95.4	5.9	3.6	122.5
Depreciation and impairment at January 1, 2011	(2.8)	(28.9)	(4.5)	0.0	(36.2)
Depreciation	0.0	(0.2)	(0.7)	0.0	(0.9)
Depreciation of disposed assets	0.0	0.5	0.9	0.0	1.4
Depreciation and impairment at December 31, 2011	(2.8)	(28.6)	(4.3)	0.0	(35.7)
Carrying amount at December 31, 2011	14.8	66.8	1.6	3.6	86.8
Depreciated over	25 years	20 years	3-8 years		

At December 31, 2012, Schouw & Co. owned the following two properties in Denmark: Chr. Filtenborgs Plads 1, Aarhus, the Group's head office; Hovmarken 8, Lystrup, which has been recognised as an investment property since the 2006 divestment of Elopak Denmark A/S.

An extension of the investment property at Hovmarken 8 was completed in 2012. Effective from January 1, 2014, the property will produce annual rental income of DKK 13.0 million, and operating costs will amount to DKK 1.4 million. Capitalisation of the net rental income at a discount factor of 7.5% p.a. indicates a fair value of the investment property of DKK 154 million. The discount factor has been determined as the average bond yield (15-25 year maturities) at December 31, 2012 plus a risk premium of 4.1 percentage points. The property was recognised at DKK 83.7 million at December 31, 2012.

	2012	2011
NOTE 10 - Receivables		
Receivables from subsidiaries	328.1	308.6
Receivables from associates	10.0	10.5
Other receivables	0.5	0.6
Receivables in total	338.6	319.7
Breakdown of receivables:		
Non-current	240.4	284.0
Current	98.2	35.7
Receivables in total	338.6	319.7

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 assessed to correspond to the fair value.

Notes

NOTE 11 - Deferred tax

	2012	2011
Deferred tax at January 1	(11.9)	(10.7)
Transferred to income tax payable at January 1	2.9	0.0
Deferred tax for the year recognised in profit for the year	(0.5)	(1.2)
Net deferred tax at December 31	(9.5)	(11.9)

Deferred tax pertains to:

Property, plant and equipment	2.9	4.4
Other liabilities	(8.1)	(9.0)
Tax losses	(4.3)	(7.3)
Net deferred tax at December 31	(9.5)	(11.9)

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

Change in deferred tax

	2012		
	Balance at Jan. 1	Recognised in profit for the year	Balance at Dec. 31
Property, plant and equipment	4.4	(1.5)	2.9
Other liabilities	(9.0)	0.9	(8.1)
Tax losses	(7.3)	3.0	(4.3)
Total change in deferred tax	(11.9)	2.4	(9.5)

	2011		
	Balance at Jan. 1	Recognised in profit for the year	Balance at Dec. 31
Property, plant and equipment	4.7	(0.3)	4.4
Other liabilities	(10.0)	1.0	(9.0)
Tax losses	(5.4)	(1.9)	(7.3)
Total change in deferred tax	(10.7)	(1.2)	(11.9)

NOTE 12 - Discontinued operations

Assets classified as held for sale comprise investments in Martin Professional A/S. On December 19, 2012 Schouw & Co. agreed to divest Martin Professional to Harman International. The divestment was finalised on February 28, 2013.

NOTE 13 - Share capital

The share capital consists of 25,500,000 shares with a nominal value of DKK 10 each. All shares rank equally. The share capital is fully paid up. Each share carries one vote, for a total of 25,000,000 voting rights.

The share capital has in 2009 been reduced by 2,500,000 shares in connection with the decision of a capital decrease. In 2008 share capital was increased by 12,470,000 shares in connection with a bonus share issue and 3,060,000 shares in connection with the merger of BioMar Holding and Schouw & Co.

Treasury shares	Number of shares	Nominal value	Cost	Percentage of share capital
January 1, 2011	1,623,275	16,232,750	184,3	6,37%
Bought	536,750	5,367,500	76,2	2,10%
Group employee share scheme	(53,662)	(536,620)	(5,1)	-0,21%
Share option programme	(98,000)	(980,000)	(9,2)	-0,38%
December 31, 2011	2,008,363	20,083,630	246,2	7,88%
Share option programme	(70,000)	(700,000)	(7,0)	-0,28%
December 31, 2012	1,938,363	19,383,630	239,2	7,60%

In 2012, Schouw & Co. sold treasury shares worth DKK 5.6 million in settlement of the Group's share option programme.

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20.0% of the share capital. The authorisation is valid until April 1, 2017.

The company acquires treasury shares for allocation to the Group's employee share schemes and share option programmes. At December 31, 2012, the holding of treasury shares had a market value of DKK 288.8 million (2011: DKK 185.8 million)

Notes

NOTE 14 - 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.

	2012	2011
Changes in recognised liability:		
Net liability at January 1	23.7	24.0
Paid out	(0.8)	(0.7)
Paid in	0.3	0.4
Net liability at December 31	23.2	23.7

The pension obligation was calculated at DKK 23.2 million at December 31, 2012. The entire amount relates to that company's liability to fund supplementary pensions under the previous practise of the KFK pension funds. 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.

Amounts recognised in the consolidated income statement in respect of defined contribution plans and defined benefit plans are shown in note 3 to the consolidated financial statements.

NOTE 15 - Interest-bearing debt

	2012	2011
Debt recognised in the balance sheet:		
Credit institutions (non-current)	73.0	78.5
Other liabilities (non-current)	15.8	15.7
Current portion of non-current liabilities	5.4	5.0
Credit institutions (current)	6.0	278.4
Payables to subsidiaries (current)	94.6	34.7
Interest bearing debt in total	194.8	412.3
Fair value	195.1	412.7

	Payment		Rate of interest		Carrying amount	
	2012	2011	2012	2011	2012	2011
Interest-bearing debt maturity profile						
Overdraft facilities without planned repayment	100.6	313.0	0.0	0.0	100.6	313.0
Less than 1 year	7.1	7.6	1.7	2.6	5.4	5.0
1-5 years	42.6	45.1	4.3	8.2	38.3	36.9
More than 5 years	54.3	65.3	3.8	7.9	50.5	57.4
Total	204.6	431.0	9.8	18.7	194.8	412.3

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

Weighted average effective rate of interest of the year was 2.4% (2011: 2.7%)

Weighted average effective rate of interest on the balance sheet date was 2.0% (2011: 2.4%)

Distribution of interest-bearing debt by currency: DKK 79%, EUR 21% (2010: DKK 54%, EUR 46%).

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 consists of interest rate swaps and rate caps.

	2012			2011		
	Fixed rate debt	Variable rate debt	Total	Fixed rate debt	Variable rate debt	Total
Interest bearing debt	15.8	179.0	194.8	15.7	396.6	412.3
Hedging	50.1	(50.1)	0.0	49.9	(49.9)	0.0
Net exposure	65.9	128.9	194.8	65.6	346.7	412.3

An increase in interest rates of 1% would cause the annual interest expense to rise by about DKK 1.0 million after tax (2011: DKK 2.6 million). An increase in interest rates of 1% would cause equity to rise by DKK 2.2 million after tax (2011: DKK 2.6 million). The fair value of the interest rate swap has been calculated using generally accepted valuation techniques on the basis of observable data (level 2). The interest rate has a term to maturity of 6.5 years.

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

Notes

NOTE 16 - Other liabilities

	2012	2011
Deposits (non interest-bearing)	3.8	3.3
Corporate bonds (interest-bearing)	15.8	15.7
Other liabilities in total	19.6	19.0

NOTE 17 - Trade payables and other payables

Trade payables	4.2	0.7
Other payables	12.8	9.1
Trade payables and other payables in total	17.0	9.8

NOTE 18 - Joint taxation contribution

Joint taxation contribution at January 1	43.1	26.6
Transferred from deferred tax at January 1	24.4	1.6
Current tax for the year	(31.1)	(3.5)
Joint taxation contribution received/paid	38.6	18.4
Joint taxation contribution in total	75.0	43.1

NOTE 19 - Income tax payable

Income tax at January 1	(0.3)	1.8
Transferred from deferred tax at January 1	(27.4)	(1.6)
Current tax for the year recognised in the income statement	(0.8)	(0.4)
Current tax for the year recognised in equity	(0.7)	(0.8)
Current tax for the year from jointly taxed companies	31.1	3.5
Tax received/paid	(1.0)	(2.8)
Income tax in total	0.9	(0.3)

Which is distributed as follows:

Income tax receivable	0.0	(0.3)
Income tax payable	0.9	0.0
Income tax in total	0.9	(0.3)

NOTE 20 - Changes in working capital

Change in receivables	(0.1)	(0.6)
Change in trade payables and other payables	4.2	(0.7)
Changes in working capital in total	4.1	(1.3)

Notes

NOTE 21 - Financial risks

The parent company's risk management policy

Due to the nature of its operations, investments and financing, the parent company is exposed primarily to changes in the level of interest rates. Interest rate risks are described in greater detail in note 15.

The parent company's financial management exclusively involves the management of financial risk relating to its operating and investment activities.

Currency risk

The parent company's foreign exchange risks involve foreign businesses of subsidiaries. The parent company does not hedge these investments. The parent company also has limited exposure to foreign exchange risk relating to EUR-denominated net debt. Considering the relatively small fluctuations in the DKK/EUR exchange rate, however, this is considered to be a limited risk. 'Likely change in exchange rate' is based on historical developments of the year-end exchange rates of the last three years.

The parent company's foreign exchange risks recognised in the balance sheet at December 31, 2012

Valuta	Net position before hedging ¹⁾	Hedged by financial instruments	Net position after hedging	Likely change in exchange rate ²⁾	Effect on profit for the year ³⁾
EUR/DKK	44.2	0.0	44.2	0.3%	0.1

The parent company's foreign exchange risks recognised in the balance sheet at December 31, 2011

Valuta	Net position before hedging ¹⁾	Hedged by financial instruments	Net position after hedging	Likely change in exchange rate ²⁾	Effect on profit for the year ³⁾
EUR/DKK	(81.5)	0.0	(81.5)	0.2%	(0.2)

1) Negative net positions mean debt, positive net positions means receivables.

2) Increase in per cent in the currency exchange rate.

3) A decrease in the currency exchange rate would reverse the sign.

Credit risk

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

Liquidity risks

To ensure that the company always has the necessary cash resources to capitalise on opportunities for investments 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, short-term receivables from affiliated companies and undrawn credit facilities.

The parent company's cash resources at December 31 were composed as follows

	2012	2011
Operating credit facility	301.8	856.8
Drawn operating credits, see note 15	(6.0)	(278.4)
Cash resources	295.8	578.4
Other receivables / debt to group companies:		
Receivables from group companies	87.0	24.6
Current liabilities to group companies	(94.6)	(34.7)
Net receivables (debt)	(7.6)	(10.1)

Operating credits can be terminated at short notice.

The maturity profile of the parent company's interest-bearing financial liabilities is shown in note 15

Notes

NOTE 22 - Operational leases

	2012	2012
Operating leases:		
Due for payment within 1 year	0.4	0.4
Due for payment within 1-5 years	0.2	0.5
Due for payment after 5 years	0.0	0.0
Operating leases in total	0.6	0.9

An amount of DKK 0.4 million (2011: DKK 0.3 million) relating to operating leases has been recognised in the income statement for 2012. The parent company has only signed leases on cars.

NOTE 23 - Contingent liabilities and guarantees

Contingent liabilities

The parent company is 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 98.5 million (2011: DKK 85.2 million)

Bail for affiliate mortgage loans represents DKK 10.6 million (2011: DKK 11.4 million)

NOTE 24 - Related party transactions

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

Board of directors, management and employees

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

Subsidiaries and associates

	2012		2011	
Specification of the parent company's related party transactions:	Subsidiaries	Associates	Subsidiaries	Associates
The parent company has during the year received a management fee of	5.2	0.1	4.5	0.1
The parent company has during the year received interests of	9.3	0.9	9.4	0.9
The parent company has at December 31 a receivable of	328.1	10.0	308.7	10.5
The parent company has at December 31 a debt of	94.6	0.0	34.7	0.0
The parent company has during the year received dividends of	300.0	0.0	350.0	0.0

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 for the year ended December 31, 2012 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.

The annual report also complies with the International Financial Reporting Standards (IFRS) issued by IASB.

Apart from as set out below, the accounting policies are unchanged from the policies applied last year.

Effective from January 1, 2012, Schouw & Co. implemented amendments to IFRS 7 and IAS 12. The implementation did not affect recognition or measurement.

The annual report is presented in Danish kroner.

BASIS OF PRESENTATION

Consolidated financial statements

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. These businesses 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. 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 if they arise from a contractual right and the fair value can be reliably measured. Deferred tax on revaluations made is recognised.

Any excess of the consideration paid for the business 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.

On initial recognition, minority interests are either recognised at their fair value or at their pro-rate share of the fair value of the acquired company's identifiable assets, liabilities and contingent liabilities. Accordingly, for the former option, goodwill is recognised relating to minority interests of the acquired business, while for the latter option, goodwill relating to minority interests is not recognised. The measurement of minority interests is determined on a case-by-case basis and disclosed in the presentation of acquired businesses in the notes to the financial statements.

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 the opening equity of such enterprises 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 recognised in other comprehensive income in the exchange adjustment reserve under equity.

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 other comprehensive income in the exchange adjustment reserve under equity. Similarly, exchange gains and losses on the part of loans and derivative financial instruments effectively hedging the net investment in such enterprises are recognised in other comprehensive income in the exchange adjustment reserve under equity.

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 the share of the opening equity of foreign associates at exchange rates ruling at the balance sheet date and on the translation of the share of the results for the year from average exchange rates to the exchange rates ruling at the balance sheet date are recognised in other comprehensive income in the exchange adjustment reserve under equity.

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 other comprehensive income in the reserve for hedging transactions under equity. On realisation of the hedged transaction, any gains or losses relating to such hedge transactions are transferred from other comprehensive income and recognised 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 in other comprehensive income in the exchange adjustment reserve under equity.

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 deducted from 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, amortisation and impairment of intangible assets, depreciation and

impairment of production equipment and impairment of inventory.

Cost of sales also includes anticipated losses on construction contracts and operating costs relating to investment property.

Cost of sales also includes research costs and product development costs that do not meet the criteria for capitalisation, as well as amortisation and impairment of capitalised product 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 and logistics 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.

Impairment of goodwill

Impairment of goodwill includes impairment of goodwill occurring in the parent company, subsidiaries or joint ventures.

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 carrying amount at the date of disposal.

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.

Profit/loss after tax in associates in the consolidated financial statements

The proportionate share of the profit or loss from associates after tax and minority interests and after elimination of the proportionate share of intra-group gains or losses after impairment of goodwill in associates is recognised in the consolidated income statement.

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

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 and expenses for selling or winding-up. On the disposal of foreign wholly owned subsidiaries, foreign exchange adjustments accumulated in equity through other comprehensive income and which are attributable to the unit from the exchange adjustment reserve are reclassified to the income statement and recognised together with any gains or losses from the disposal.

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 reporting segment or if its revenue, profit/loss or assets represent less than 10% of consolidated revenue, consolidated profit/loss or consolidated assets.

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 financial expenses comprise interest, capital gains and losses as well as dividends and impairment losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as extra payments and repayment under the on-account taxation scheme, etc. Furthermore, realised and unrealised gains and losses on derivative financial instruments that do not qualify as hedge accounting are recognised.

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

Dividend from investments in subsidiaries, joint ventures and associates is recognised in the parent company's income statement in the financial year in which the dividend is declared.

Tax on profit for the year

Schouw & Co. is taxed jointly with all its Danish subsidiaries. The current Danish

Accounting policies

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 or loss for the year and posted in other comprehensive income 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

At initial recognition goodwill is recognised in the balance sheet at cost as described in the section 'Business combinations'. Goodwill is subsequently 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 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. Development projects normally consist of product development and the proprietary development of IT solutions. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated amortisation 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 calculated less any impairment.

Other intangible assets including patents, licenses and rights as well as certain intangible assets acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment. Other intangible assets are amortised on a straight-line basis over their estimated useful lives. The usual amortisation period is five to fifteen years. The basis of amortisation is calculated less any impairment.

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 comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for 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 is 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	20-40 years
Plant and machinery	3-15 years
Leasehold improvements	2-10 years
Other fixtures and fittings, tools and equipment	2-8 years
Land is not depreciated	

The depreciable amount is determined taking the residual value and any impairment losses into consideration. The residual value is determined at the acquisition date and reassessed annually. Where the residual value exceeds the carrying amount, the property 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, joint ventures and associates in the parent company's financial statements

Investments in subsidiaries, joint ventures and associates are measured at cost.

Where the recoverable amount is lower than cost, the investments are written down to this lower value.

Securities

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

Value adjustments of listed securities for which changes in fair value are regularly monitored, 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 other comprehensive income. On realisation, accumulated value adjustments are taken from other com-

prehensive income to financial items in the income statement.

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, initially before the end of the year of acquisition. Development projects in progress are also tested for impairment annually.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill has been allocated and is written down over the income statement to the lower of the recoverable amount and the carrying amount.

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.

A write-down 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. Write-downs 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.

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 produc-

tion 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

Prepayments and accrued income

Prepayments and accrued income include expenses paid in respect of subsequent financial years.

Construction contracts

Construction contracts 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 and a provision.

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.

Equity

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.

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 including exchange differences on financial instruments considered to be a part of the net investment or as hedging of the net investment.

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.

The purchase and sale sums of treasury shares and dividends thereon are taken directly to retained earnings under equity.

Treasure shares

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.

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 as a shareholder transaction.

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

The value of allotted employee shares is recognised under staff costs. The balancing item is recognised directly in equity as a shareholder transaction. Due to an amendment of the Danish tax regulations, the scheme was discontinued at the end of 2011.

Pension liabilities and similar long-term liabilities

The Group has entered into pension agreements and similar agreements with most of the Group's employees.

Accounting policies

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, 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 in other comprehensive income.

In connection with a change in benefits regarding the employees' employment in the enterprise to date, there is a change in the actuarial calculation of the net present value, which is considered historical costs. Historical costs are expensed immediately if the employees have already earned the right to the changed benefits. Otherwise, they are recognised in the income statement over the period during which the employees earn the right to the changed benefits.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated 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 eliminations of unrealised inter-company gains and losses.

Deferred tax is measured based on the tax rules and rates in the respective countries that will apply under the legislation in force on the balance sheet date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Provisions

Provisions are recognised when, as a consequence of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, the settlement of which is likely to result in an outflow from the Group of economic benefits.

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.

Restructuring costs are recognised as liabilities when a detailed, formal restructuring plan has been announced to the parties affected by such plan on or before the balance sheet date. On acquisition of enterprises, restructuring provisions relating to the acquired enterprise are included in the calculation of goodwill only if the acquired enterprise has a liability at the date of acquisition.

Provisions are recognised in respect of loss-making contracts when the unavoidable costs under a contract exceed the expected benefits to the Group from the contract.

Financial liabilities

Debt to credit institutions is recognised at the raising of a loan as the proceeds received less transaction costs. In the subsequent periods, financial liabilities are measured at amortised cost, applying the "effective interest rate method", to the effect that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

In addition, the capitalised residual lease liability under finance leases is recognised under financial liabilities.

Other liabilities are measured at net realisable value.

Leases

For accounting purposes, lease obligations are divided into finance and operating leases.

Leases are classified as finance leases when substantially all risks and rewards of ownership of the leased asset are transferred. Other leases are classified as operating leases.

The accounting treatment of assets held under a finance lease and the related liability is described in the sections on property, plant and equipment and financial liabilities, respectively.

Obligations under operating leases are determined at the balance sheet date as the present value of future cash flows for which the discount effect is material, typically for leases running for more than five years from inception.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Deferred income

Deferred income comprises payments received relating to income in subsequent financial years, including investment grants.

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".

Assets and related liabilities are recognised separately in the balance sheet, and the main items are specified in the notes to the financial statements. Comparative figures in the balance sheet are not restated.

Presentation of discontinued operations

Discontinued operations comprise activities that form an independent reporting segment, or whose revenue, profit/loss or assets represent more than 10% of consolidated revenue, consolidated profit/loss or consolidated assets 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. Discontinued operations also comprise entities which in relation

to an acquisition have been classified as "held for sale".

Profit on discontinued 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 with restatement of comparative figures. Detailed information on revenue, operating profit, assets, liabilities and cash flows from operating, investing and financing activities in the discontinued entity is provided in the notes to the financial statements.

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 in currencies other than the functional currency are translated at average exchange rates unless these differ materially from the exchange rate ruling at the transaction day.

Cash flows from operating activities are presented using the indirect method 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 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 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 discontinued activities comprise cash flows from operating, investing and financing activities in the discontinued 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 im-

mediately be converted into cash and that involve insignificant risk of value fluctuations.

SEGMENT REPORTING

Segment reporting is consistent with the internal management reporting.

Schouw is an industrial conglomerate consisting of a number of sub-groups operating in various industries and independently of the other sub-groups.

If the profit or loss, assets or revenue of a sub-group represents 10% or more of consolidated profit or loss, assets or revenue, such sub-group is classified as a reporting segment. The reporting segments are presented separately and without aggregation of operating segments.

Included in the reporting segments are revaluations of assets and liabilities made in connection with Schouw & Co.'s acquisition of the segment in question and consolidated goodwill arising as a result of the acquisition. The operational impact of depreciation/amortisation and write-downs on the above revaluations or goodwill is also included in the profit presented for the reporting segment.

Geographical segment information indicates the group's revenue and assets by national market. The list shows the individual countries in which the group's revenue or assets account for 5% or more of consolidated revenue or consolidated total assets.

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 2010" issued by the Danish Society of Financial Analysts.

The key ratios in the annual report are calculated in the following manner:

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

Statement by the Board of Directors and the Management

To the shareholders of Aktieselskabet Schouw & Co.

The Board of Directors and the Executive Management have today considered and approved the annual report for the 2012 financial year.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at December 31, 2012 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended December 31, 2012.

In our opinion, the management's report includes a fair review of the development and performance of the Group and the parent company, the financial results and cash flows for the year and of the financial position, together with a description of the principal risks and uncertainties that the Group and the parent company face.

We recommend that the annual report be adopted by the shareholder at the annual general meeting.

Aarhus, March 6, 2013

EXECUTIVE MANAGEMENT



Jens Bjerg Sørensen
President



Peter Kjær

BOARD OF DIRECTORS



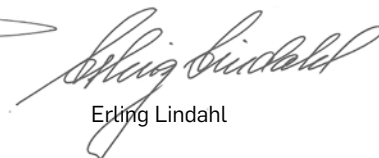
Jørn Ankær Thomsen
Chairman



Erling Eskildsen
Deputy Chairman



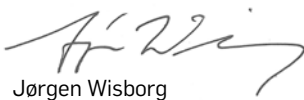
Niels Kristian Agner



Erling Lindahl



Kjeld Johannesen



Jørgen Wisborg



Agnete Raaschou-Nielsen

Independent auditors' report

To the shareholders of Aktieselskabet Schouw & Co.

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Aktieselskabet Schouw & Co. for the financial year January 1 – December 31, 2012. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view

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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

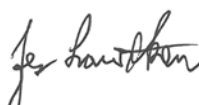
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at December 31, 2012 and of the results of the Group's and the parent company's operations and cash flows for the financial year January 1 – December 31, 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aarhus, March 6, 2013

KPMG
Statsautoriseret Revisionspartnerselskab



Jes Lauritzen
State Authorised
Public Accountant



Kim R. Mortensen
State Authorised
Public Accountant

Group overview *selected companies as of March 2013*

Company name	DOMICILE	COUNTRY	OWNERSHIP
Schouw & Co. Finans A/S	Aarhus	Denmark	100%
Niels Bohrs Vej A/S	Aarhus	Denmark	100%
Saltebakken 29 ApS	Aarhus	Denmark	100%
BioMar Group A/S	Aarhus	Denmark	100%
BioMar A/S	Brande	Denmark	100%
Oy BioMar Ab	Vanda	Finland	100%
BioMar AB	Rimbo	Sweden	100%
BioMar OOO	Ropsha	Russia	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.A.	Dueñas	Spain	100%
BioMar Hellenic S.A.	Volos	Greece	100%
BioMar AS	Myre	Norway	100%
BioMar Ltd.	Grangemouth	UK	100%
BioMar A/S Chile Holding S.A.	Puerto Montt	Chile	100%
BioMar Chile SA	Puerto Montt	Chile	100%
BioMar Acuacultura Corporation S.A.	Canas	Costa Rica	100%
BioMar Aquacorporation Products S.A.	Canas	Costa Rica	50,0%
Alitec Pargua S.A.	Pargua	Chile	50,0%
Fibertex Personal Care A/S	Aalborg	Denmark	100%
Fibertex Personal Care Sdn Bhd	Nilai	Malaysia	100%
Innowo Print AG	Ilsenburg	Germany	15,0%
Fibertex Nonwovens A/S	Aalborg	Denmark	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%
Fibertex Nonwovens S.A.	Chemillé	France	100%
Fibertex South Africa Ltd.	Durban	South Africa	26,0%
P. Grene A/S	Skjern	Denmark	100%
Grene Danmark A/S	Skjern	Denmark	100%
GIS (Tianjin) Service & Techonolgy Co. LTD	Tianjin	China	100%
Grene Industri-service A/S	Aarhus	Denmark	100%
Grene Sverige AB	Eslöv	Sweden	100%
Grene AS	Oslo	Norway	100%
Grene Ab OY	Kimito	Finland	100%
Grene Dustrybucja Sp. z o.o.	Konin	Poland	97,6%
UAB Grene	Vilnius	Lithuania	100%
Grene Sp. z o.o.	Konin	Poland	97,6%
Agerpol Sp. z o.o.	Konin	Poland	100%
Grene Kramp Holding A/S	Skjern	Denmark	50,0%
OOO Grene Kramp Nedvizhimost	Chehov	Russia	100,0%
Grene Kramp Russia B.V.	Varsseveld	Holland	90,0%
OOO Grene Kramp	Moscow	Russia	100,0%
Hydra-Grene A/S	Skjern	Denmark	100%
Hydra Grene Hydraulics Equipment Accessory (Tianjin) Co., Ltd.	Tianjin	China	100%
Hydra Grene Hydraulics India Private Limited	Chennai	India	100%
Hydra-Grene USA Inc.	Chicago	USA	100%
Dansk Afgratningsteknik A/S	Skjern	Denmark	30,0%
Xergi A/S	Støvring	Denmark	50,0%
Xergi, Ltd.	London	UK	100%
Xergi GmbH	Bad Saarow	Germany	100%
Xergi S.A.S.	Paris	France	100%
Xergi NIX Technology A/S	Støvring	Denmark	100%
Danish Biogas Technology A/S	Støvring	Denmark	100%
Videbæk Biogas A/S	Støvring	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	29,2%
Scandinavian Micro Biodevices Aps	Farum	Denmark	38,2%

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