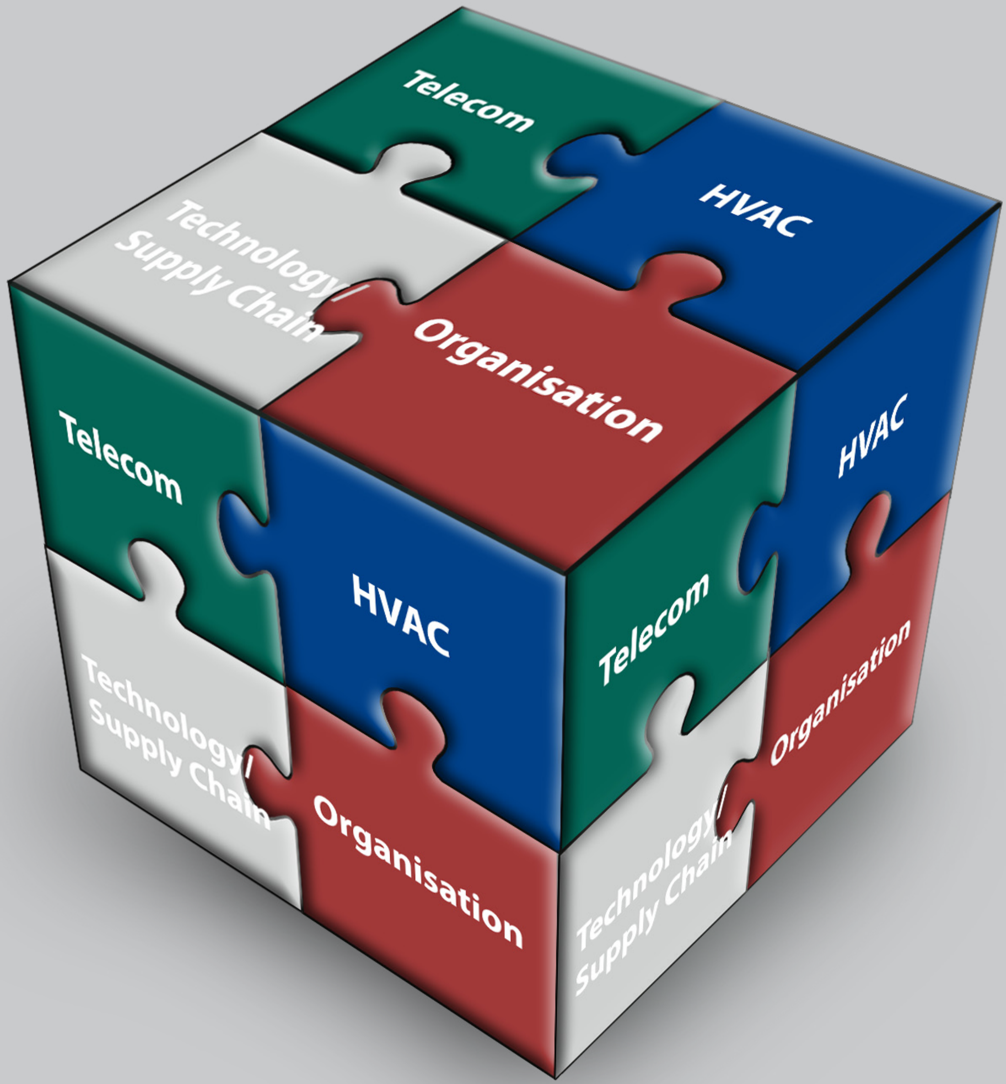
ANNUAL REPORT 2010



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Dantherm group profile

History in brief

Dantherm was founded in 1958 by Ejlert Olsen, the company's first product being a warm air heater for heating workshops and industrial buildings. In the 1970s, the product portfolio was extended to include dehumidifiers and ventilation products, and in the 1980s also mobile heating and cooling units for the armed forces. In the 1990s, climate products for the telecom industry were added.

Two business areas

Today, Dantherm is divided into two business areas: HVAC (Heating, Ventilation, Air Conditioning) and Telecom. Within the HVAC business area, Dantherm is an important European provider of products and solutions based on more than 50 years of experience within heating, ventilation, cooling and dehumidification of air.

Within the Telecom business area, Dantherm is a leading global supplier of products for cooling radio base stations, with customers including all major network suppliers and selected network operators.

Dantherm's expertise

Dantherm's expertise is characterised by comprehensive thermodynamic know-how and product development knowledge, modern production facilities in Denmark and China, an energy-efficient product portfolio and an international presence with own sales and service companies in Europe, China and North America.

A strong market position, attractive markets and a focused growth strategy provide the starting point for further developing Dantherm.

Dantherm's business areas

HVAC

Defence
Mobile heating and cooling units for, e.g., the armed forces and international humanitarian aid organisations.

Dehumidifiers
Mobile and stationary dehumidifiers for building drying and damage repairs as well as swimming pools, museums, changing facilities and other environments with high levels of humidity.

DanX Ventilation
Large-scale ventilation solutions for, e.g., swimming pools, shopping centres, office buildings and hotels.

Domestic ventilation
Certified, energy-efficient and demand-driven domestic ventilation solutions for wall or ceiling installation in private homes.

Telecom

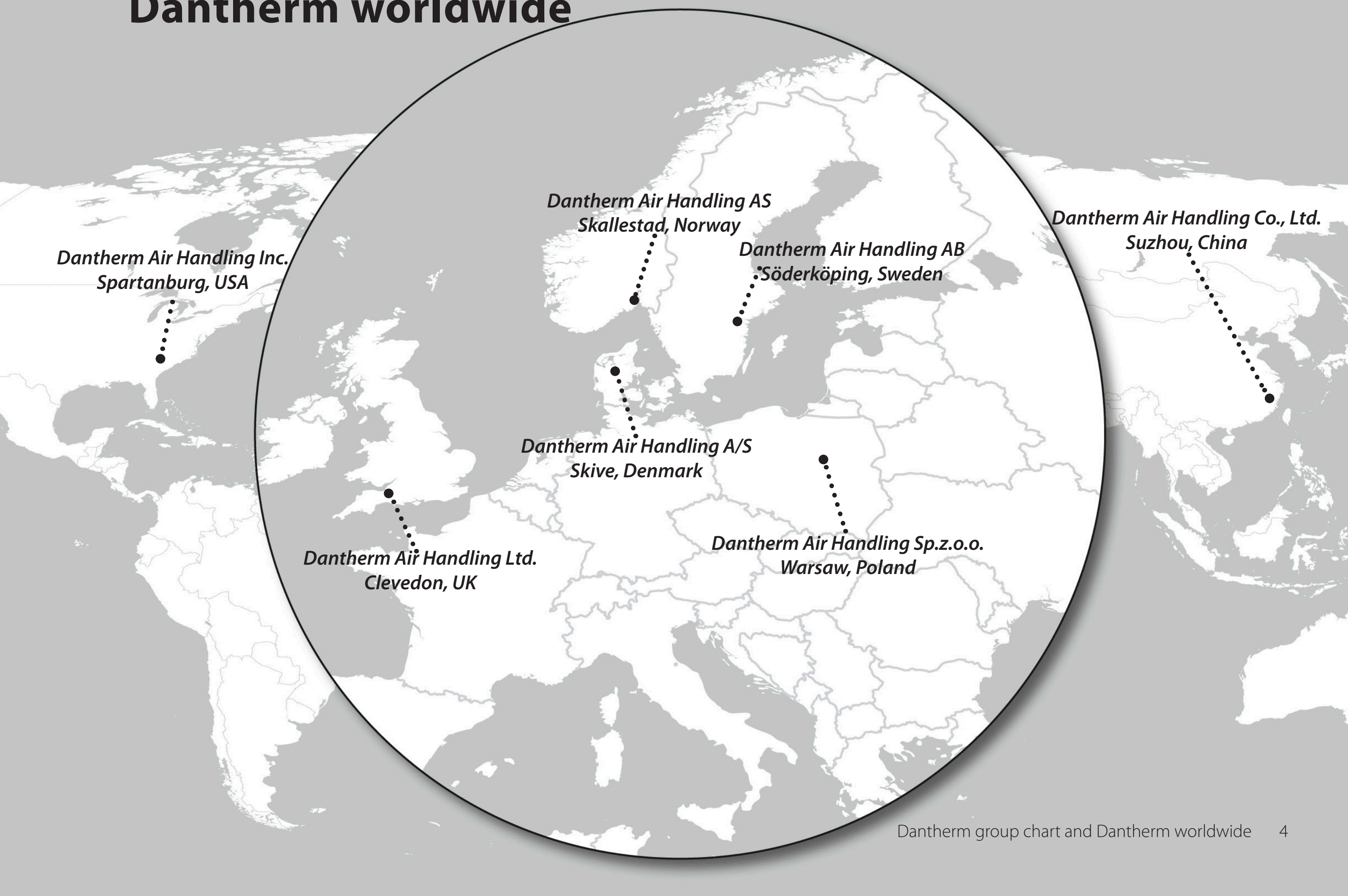
Network suppliers
Customised cooling, heating and exchanger solutions for network suppliers, primarily within the mobile telecom industry. Solutions incorporated into radio base station cabinets together with transmission equipment are developed in collaboration with our customers, the world's leading network suppliers. The network suppliers supply radio base stations inclusive of the thermal solution for the network operators.

Network operators
A number of cooling, heating and exchanger solutions are supplied to network operators. The customer segment comprises primarily operators within mobile telephony, broadband and landline telephony, but also security networks for the police and fire services. The solutions are mainly built into radio base station cabinets and rooms. The solutions are designed for new installations as well as for supplementing and renovating existing radio base stations.

Group chart as at 31 December 2010

- **Dantherm A/S (DK)**
  - 100% Dantherm Air Handling Holding A/S (DK)
    - 100% Dantherm Air Handling A/S (DK)
    - 100% Dantherm Air Handling AS (NO)
    - 100% Dantherm Air Handling AB (SE)
    - 100% Dantherm Air Handling Ltd. (GB)
    - 100% Dantherm Air Handling Sp.z.o.o. (PL)
    - 100% Dantherm Air Handling Inc. (US)
    - 100% Dantherm Air Handling (Suzhou) Co. Ltd. (CN)
  - 100% ERO A/S (DK)
    - 66.7% Stelectric A/S (DK)
      - 100% Stelectric Ejendomme A/S (DK)
  - 38% Dantherm Power (DK)
    - 100% Dantherm Power Inc. (US)

Dantherm worldwide



Financial highlights for the group

KEY FIGURES (DKK '000)	2010 [2)]	2009 [2)]	2008	2007	2006
Income statement:					
Revenue	464,626	431,185	2,027,364	2,154,495	1,982,940
Earnings before depreciation, amortisation etc. (EBITDA)	31,717	-12,023	97,196	121,459	89,773
Earnings before impairment of goodwill (EBITA)	6,854	-68,661	41,434	66,917	39,147
Impairment of goodwill	0	-23,636	0	0	0
Operating profit/loss (EBIT)	6,854	-92,297	41,434	66,917	39,147
Net financials	-20,701	-20,723	-36,031	-36,010	-29,219
Profit/loss from continuing operations before associates	-13,847	-113,020	5,403	32,148	9,928
Share of net profit/loss in associates	-30,686	0	0	-1,241	0
Profit/loss before tax [1)]	-44,533	-113,020	5,403	30,907	9,928
Net profit/loss for the year from discontinuing operations	-1,945	-181,491	-18,774	1,506	-26,238
The group's share of net profit/loss for the year	-43,850	-293,050	-17,903	35,539	-4,977
Balance sheet at year-end:					
Balance sheet total	457,389	1,055,527	1,395,355	1,481,110	1,843,683
Equity	128,777	166,932	466,958	516,679	488,230
Invested capital including goodwill	315,642	626,016	913,062	1,003,602	1,058,616
Cash flows:					
Cash flow from operating activities	3,176	76,864	164,542	42,963	5,925
Cash flow from investing activities	100,499	-26,784	-61,455	-61,154	-66,443
– Of which acquisitions/divestments of subsidiaries and activities	107,289	0	-1,426	0	-8,394
– Of which purchase of property, plant and equipment	-933	-13,607	-49,052	-35,850	-60,851
Cash flow from financing activities	-68,618	-25,401	-7,815	-5,428	-57,206
Cash flows from discontinuing operations	60,350	-55,461	0	136,736	25,003
RATIOS					
Financial ratios:					
Growth rate	7.8%	-	-5.9%	8.7%	-31.5%
Profit margin	1.5%	-21.4%	2.0%	3.1%	2.0%
Return on invested capital	1.5%	-	4.3%	6.5%	3.8%
Equity interest	28.4%	16.8%	33.6%	35.1%	26.7%
Average number of employees	537	578	2,266	2,312	2,135
Share-related ratios:					
Earnings per share (EPS), DKK	-6.17	-41.22	-2.51	4.97	-0.69
Diluted earnings per share (EPS-D), DKK	-6.17	-41.22	-2.51	4.97	-0.69
Cash flow per share, DKK	0.45	10.81	23.11	6.01	0.83
Dividend per share, DKK	0.00	0.00	0.00	1.50	0.00
Equity value at year-end, DKK	18.1	24.7	65.2	72.4	68.4
Share price at year-end, DKK	18.0	20.0	44.4	135.8	104.3
Price/equity value	1.00	0.81	0.68	1.88	1.52
Number of shares of DKK 50 each at year-end ('000)	7,191	7,191	7,191	7,191	7,191

1) The profit/loss before tax for 2010 was negatively impacted by a loss of DKK -30,686k from the associate Dantherm Power. In 2009, a loss of DKK -70,069k from Dantherm Power was included under profit/loss from discontinuing operations.
2) The financial highlights for 2009 and 2010 have been adjusted for discontinuing operations. Discontinuing operations are described in the management's review and in note 30. The financial figures, including the comparative figures, have been restated and are presented in accordance with IFRS 5. The figures for 2006-2008 have not been restated.

The ratios are prepared in accordance with the Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010'.
Reference is also made to the ratio definitions on page 50.

Management's review

Restructurings create solid foundation for the future

After a difficult year for Dantherm in 2009, which was heavily impacted, among other things, by the global economic crisis, restructurings were implemented in 2009 and 2010 which create a solid foundation for the future. The most important highlights for 2010 are:

- **Growth**: Revenue from the continuing operations was DKK 465m, up 7.8% relative to 2009.
- **Operating profit**: The operating profit (EBIT) was DKK 7m, which is in line with the outlook announced and a significant improvement on the loss of DKK 92m posted in 2009.
- **Equity ratio**: Net interest-bearing debt was reduced by DKK 272m to DKK 187m at year-end 2010, and the equity ratio was 28.4%, up from 16.8% at the end of 2009.
- **Strategy**: A new strategy has been prepared based on international growth for the activities in the Dantherm Air Handling group, which is divided into the business areas HVAC (Heating, Ventilation, Air Conditioning) and Telecom, and the organisation and production have been structured accordingly.
- **Divestment:** Undertakings and activities falling outside the strategic focus have been divested so as to strengthen the group's capital base.

Status of action plan for 2010

At the end of 2009, the Dantherm management defined an action plan comprising the following four main items:

- Adaptation to economic conditions
- Partnership concerning Dantherm Power
- Group strategy
- Capital structure

All items in the action plan were ticked off in 2010, and the initiatives implemented are outlined below.

Adaptation to economic conditions

Dantherm has implemented a number of streamlining and restructuring initiatives, and the management believes that a good platform has been established for profitable future operations.

All the continuing operating companies, with the exception of the subsidiaries in Sweden and the UK, have realised positive operating results in 2010, and the positive development in results is expected to continue in all companies in 2011.

Partnership concerning Dantherm Power

As announced in company announcement no. 1/2010, on 18 January 2010 a partnership agreement was concluded with Ballard Power Systems Inc. and Danfoss Ventures A/S on the contribution of a total of DKK 40m into Dantherm Power. Dantherm's ownership share of Dantherm Power has been reduced to 38%, and the company is therefore classified as an associate in 2010.

Group strategy
At the end of 2009, the Dantherm management launched a process aimed at further developing the group's business strategy and assessing possible structural initiatives.

The results of the strategy process were as follows:

- Establishment of new strategy and organisation for the Dantherm Air Handling group with the main business areas being HVAC and Telecom.
- Divestment of the following partly owned subsidiaries which are not part of the future, more targeted strategy:
    - Danamics ApS, cf. company announcement no. 11/2010.
    - Activities in T&O Stelectric A/S, cf. company announcement no. 19/2010.
    - Dantherm Air Handling Pte. Ltd.
- Strengthening of capital base of Dantherm Power, cf. company announcement no. 1/2010.
- Strengthening of capital base in Dantherm through divestment of the Dantherm Filtration group and activities in Dantherm Filtration SAS, cf. company announcements no. 2/2010 and 17/2010.

Capital structure
As mentioned in the annual report for 2009, a credit agreement was concluded in March 2010 with the group's primary credit institutions. The agreement runs until May 2012 after which it will be renegotiated. In the management's opinion, the agreement constitutes a good financing base for Dantherm, and the agreement contains sufficient credit facilities to accommodate the group's operations and strategic development during the terms of the agreement.

Development in group activities

As a result of the above-mentioned divestment, a distinction is made in the annual report between continuing operations and discontinuing operations. Moreover, Dantherm Power is accounted for separately under associates.

Continuing operations comprise the parent Dantherm A/S and the undertakings in the Dantherm Air Handling group in Denmark, Norway, Sweden, the UK, Poland, the USA and China. Operations comprise two areas of activity: HVAC and Telecom.

Discontinuing operations comprise the Dantherm Filtration group, T&O Stelectric A/S, Danamics ApS (minor, partly owned development company) and

Flexibox solution in cold Toronto

Dantherm Air Handling Pte. Ltd. (partly owned sales subsidiary in Singapore). In the annual report, these companies are classified as discontinuing operations, and the comparative figures have been adjusted in accordance with IFRS 5.

In the comparative figures for 2009, Dantherm Power was included under discontinuing operations in accordance with IFRS 5, whereas in 2010 the company is classified as an associate as Dantherm's ownership share is now 38%.

Continuing operations
Revenue from continuing operations in 2010 amounted to DKK 465m against DKK 431m in 2009, up 7.8%. The increase in revenue is attributable to growth within both HVAC and Telecom.

An operating profit (EBIT) of DKK 7m was posted for 2010 against an operating loss of DKK 92m in 2009. Improved contribution ratios and lower costs following the restructurings implemented are the major reasons for the improved operating results.

Telecom
Activities within the Telecom business area are handled by the companies in China, Denmark, the USA, Sweden and Poland, and most of the sales come from air-conditioning products for radio base stations for global network suppliers.

In 2010, revenue within Telecom was up 6.5% relative to 2009. In China, activities are growing strongly relative to 2009, and work is going into several concrete projects, which are expected to lead to increasing activity levels. Following restructuring, the company in the USA has posted a profit for the first time in many years, based on increasing sales. The company in Sweden was restructured in 2010, and production has been transferred to the factories in Denmark and China.

HVAC
The HVAC activities are handled by the companies in Denmark, Norway and the UK, with most of the activities being handled by the company in Denmark. All HVAC production takes place at the factory in Denmark.
In 2010, revenue from HVAC was 8.3% higher than in 2009. The increase in revenue is primarily attributable to growth within domestic ventilation and dehumidifiers, while revenue within the other business areas has been on a par with 2009.

Discontinuing operations
Discontinuing operations posted a loss of DKK 2m for 2010 against a loss of DKK 182m in 2009.

As mentioned under the group strategy, 2010 saw the divestment of partly owned undertakings and activities which are not core activities. These include Danamics ApS, T&O Stelectric A/S and Dantherm Air Handling Pte. Ltd. Following the divestment of the business activities in T&O Stelectric, the group still owns the property in Randers, which is on the market and classified as assets held for sale in the annual report.

In January 2010, a partnership agreement was made with Ballard Power Systems Inc. and Danfoss Ventures A/S concerning Dantherm Power. The company is still in a development phase, and the idea with the partnership was to strengthen the capital base and reduce Dantherm's share of the financing.

So as to strengthen Dantherm's capital base, the Dantherm Filtration business area was sold to Nederman Holding AB in 2010. The selling price on a debt-free basis was DKK 280m. As a result of the divestment, the Dantherm group's activities have been reduced considerably as this business segment was the largest in the group. The French company Dantherm Filtration SAS was not included in the transaction with Nederman Holding AB, but has subsequently been discontinued.

Associates
The ownership share in Dantherm Power, which is included under profit/loss from associates, impacted results negatively by DKK 33m in 2010. The develop-

ment in the company's sales is delayed relative to expectations.

The impact on results of the ownership interest in Dantherm Power includes the impairment of Dantherm's ownership interest in the company by DKK 14m to DKK 0m. The impairment is based on an impairment test at the end of 2010 and is attributable to the fact that the company is not expected to generate positive cash flows in the short term.

Improved equity ratio and cash flows
The divestments have had an extremely positive impact on the group's net interest-bearing debt, which has fallen from DKK 459m at the end of 2009 to DKK 187m as at 31 December 2010. As a result, the equity ratio has been increased from 16.8% at the end of 2009 to 28.4% as at 31 December 2010. Interest-bearing debt includes financial lease commitments and mortgage debt of DKK 114m.

Cash flows from operating activities in 2010 total DKK 3m against DKK 77m in 2009. The lower cash flows in 2010 are attributable to an increase in working capital due to increased activity levels. In 2009, cash flows were positively impacted to a marked extent by a fall in working capital. Total cash flows amount to DKK 95m in 2010 against DKK -31m in 2009. The positive cash flows are primarily due to the divestments made.

Strategy for Dantherm Air Handling

Dantherm Air Handling operates within two business areas – Telecom and HVAC – bound together by technological and production-related synergies: Dantherm's strategy rests on four building blocks: 1) Telecom, 2) HVAC, 3) Technology & Supply Chain and 4) Organisation – with separate strategic objectives and priorities.

1. Telecom

The Telecom business area is divided into two segments – *Network suppliers* and *Network operators*.

Within Telecom, Dantherm has for a number of years been one of the leading suppliers to the global *network suppliers*. The customer segment is characterised by high entry barriers and swift technological developments. The segment has been negatively impacted by the economic crisis, and Dantherm has also lost market share. The new strategy focuses on regaining market position. A global sales and development organisation being globally responsible for the segment in China combined with growth in the market is fuelling expectations of significantly increased sales within this business area in the coming years.

Dantherm's sales to *network operators* within Telecom have historically been limited and localised, primarily with sales in the USA and Northern Europe. The new strategy focuses on increasing market share by drawing on market experience from sales to network suppliers, through globally coordinated sales efforts and with an updated product portfolio offering energy-efficient solutions.

2. HVAC

The HVAC business area is divided into four segments – *Defence, Dehumidifiers, DanX Ventilation* and *Domestic ventilation*. *Defence, Dehumidifiers* and *DanX Ventilation* are niche markets in which Dantherm has been active for a number of years and built strong market positions in several countries in Europe.

Within *Defence*, Dantherm is one of Europe's leading suppliers of mobile heating and cooling units, primarily to the armed forces.

Within *Dehumidifiers*, Dantherm has a considerable market share in the market for mobile dehumidifiers and a strong position within pool dehumidifiers.

Within the *DanX Ventilation* business area, Dantherm has a strong market position as a supplier of energy-efficient solutions, for example for ventilating swimming pools.

The strategy for these three business areas is to increase market share in selected markets through intensified sales efforts and a further development of the product portfolio. The markets for these business areas are generally expected to be stable.

Within the *Domestic ventilation* segment, Dantherm has in recent years developed a number of new energy-efficient products. The strategy focuses on creating growth by developing the dealer network and entering into more agreements with OEM customers in a market which is expected to grow in the coming years.

3. Technology & Supply Chain

Product development and a competitive cost structure are crucial to ensuring growth and improving earnings. Technology plans have been prepared for the company's six business segments. These plans will provide a common direction for the development activities and strengthen Dantherm's leading market position.

The Supply Chain strategy is concentrated on the factories in Denmark and China, and activities have been initiated to strengthen global purchasing.

4. Organisation

As a result of the strategy process, a new organisation has been established to reflect the strategic priorities. Dantherm has a dedicated and competent organisation, which will be further developed in the coming years, and which is the cornerstone of the implementation of Dantherm's strategy.

Strategic objectives

Dantherm's strategic objective is to achieve growth for all six business segments, and the strategy focuses on doubling group revenue within a period of five years with the greatest growth being expected within Telecom and Domestic ventilation.

Events occurring after the balance sheet date

No important events have occurred after the balance sheet date.

Outlook for 2011

In 2011, the Dantherm group expects revenue in the range of DKK 500-550m and an operating profit (EBIT) of DKK 20-25m and thus a small profit before tax (EBT).

Five DanX 12/24 pool ventilation units installed at Norway's largest swimming baths - Drammensbadet

Shareholder information

Dantherm share

Dantherm A/S is listed on NASDAQ OMX Copenhagen and trades under the abbreviation DANTH and the ISIN code DK0010223692.

In 2010, the highest and lowest share price was 27.0 and 16.2, respectively. At the end of the financial year, the share price was 18.0 against 20.0 in 2009. This corresponds to a fall of 10% relative to the end of 2009. At the end of the financial year, the company's market value was DKK 129m compared to DKK 143m at the end of 2009.

As at 31 December 2010, the company's share capital was DKK 359,528,700. 7,190,574 shares were listed with a nominal value of DKK 50, each carrying one vote. Trading in the company's shares amounted to DKK 46m in 2010, against DKK 58m in 2009.

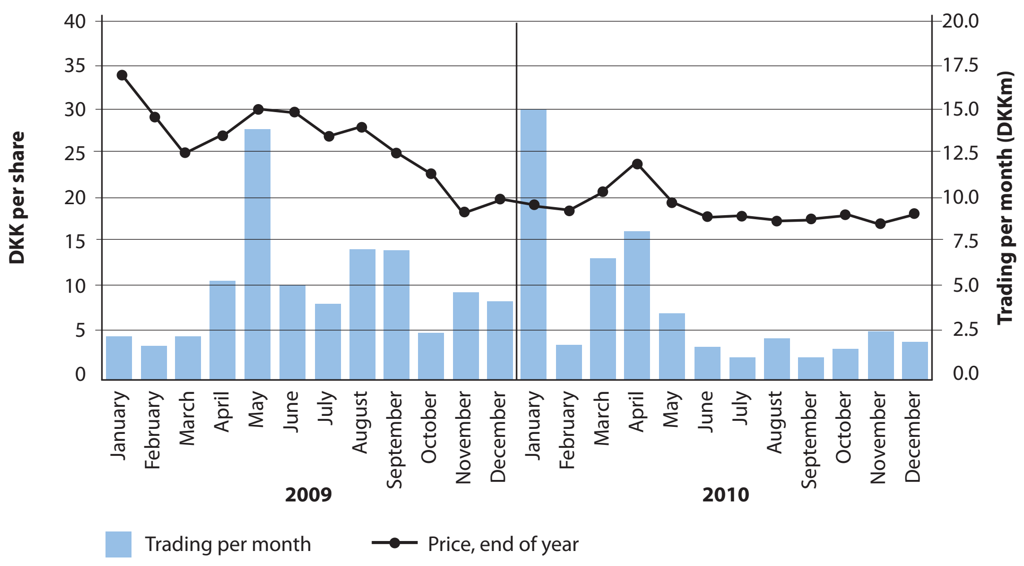
Dividend policy

Dantherm's dividend policy is to allocate approx. 30% of the consolidated net profit for the year to the shareholders – with due account being taken at all times of the group's expansion plans and financial and cash position. The company also aims to maintain an equity interest of at least 30%.

Shareholder composition

At the end of the financial year, Dantherm had approx. 4,050 registered shareholders, which corresponds to a fall of approx. 150 shareholders during 2010. A total of 88.8% of the share capital in Dantherm was held by registered shareholders at the end of 2010.

Trading and price development 2009/2010



The following shareholders are included in the company's register under Section 55 of the Danish Companies Act (*Selskabsloven*). The stated ownership percentages are those registered by the company as at 31 December 2010.

	Number of shares	Capital (%)
D. F. Holding, Skive A/S, Denmark*)	1,286,200	17.9
Hans R. Olsen, UK	807,955	11.2
Nils R. Olsen, Denmark	777,324	10.8
Shareholders holding more than 5%	2,871,479	39.9
Other	4,238,569	58.9
Treasury shares	80,526	1.1
	7,190,574	100.0

*) Owned by the Dantherm Foundation

Treasury shares

The Board of Directors of the company has been authorised by the general meeting to let the company buy treasury shares up to a total nominal value of 10% of the share capital. The consideration paid must not deviate by more than 10% from the current listed share price at the time of the purchase. This authorisation is valid until the next annual general meeting on 13 April 2011.

As at 31 December 2010, the group held treasury shares with a nominal value of DKK 4,026k, corresponding to 1.1% of the share capital.

The holding of treasury shares is unchanged relative to 31 December 2009.

Website

Dantherm encourages investors and other interested parties to visit the company's website www.dantherm.dk, which contains information of interest to investors. It is also possible to request electronic information about the company from the website. This service is also available to interested parties who are not shareholders.

The present complete annual report is also available at www.dantherm.com, where further information about the group can also be found.

All the company's registered shareholders receive a written invitation to the general meeting.

Amendments to the Articles of Association

The company's Articles of Association are amended according to the provisions of the Danish Companies Act.

Internal regulations about insider knowledge and trading in the company's shares

In accordance with the Danish Securities Trading Act (*Værdipapirhandelsloven*), Dantherm maintains an insider register listing people who are considered to be privy to insider knowledge of the company by virtue of their position. The company has prepared a set of internal regulations for these people and their related parties.

The people covered by the internal regulations are members of the Board of Directors and the Board of Executives, and employees of Dantherm A/S. The regulations also apply to people outside the group who work for or represent the group, and who regularly, or on isolated occasions, have access to insider knowledge. Members of the Board of Directors or the Board of Executives and employees in any Dantherm subsidiary whose positions are expected to entail access to insider knowledge are also covered by the regulations.

The people specified above are only permitted to buy and sell Dantherm shares for a period of four weeks after the publication of the company's annual and interim financial reports. The Board of Directors considers at its meetings whether there are any matters that would prevent members from buying or selling Dantherm shares in the prescribed period.

Insider shareholdings

Dantherm shares held by insiders and their related parties as at 31 December 2010:

Insider group	Number of shares	Market value (DKK '000)
Board of Directors and Board of Executives	841,607	15,149
Other insiders	998,231	17,968
Total	1,839,838	33,117

D. F. Holding, Skive A/S, is subject to the same restrictions in trade with the company's shares as the company and its Board of Directors.

Proposal concerning capital reduction

At the company's annual general meeting on 13 April 2011, the Board of Directors will propose that the company's share capital be reduced by a nominal amount of DKK 287,622,960 from DKK 359,528,700 to DKK 71,905,740.

With the proposal for a capital reduction, the Board of Directors wants to create a better balance between share capital and equity and to allow the company in future, when earnings and capital structure permit, to distribute dividend to shareholders.

The capital reduction will be used to cover an accumulated loss as at 31 December 2010, while the remaining part will be placed in a special reserve pursuant to Section 188 of the Danish Companies Act to consolidate the company.

The number of shares will be unchanged (7,190,574), while each share with a nominal value of DKK 50 will be reduced to a nominal value of DKK 10.

General meeting

The annual general meeting will be held on Wednesday 13 April 2011 at 3 pm at the company's offices at Marienlystvej 65, 7800 Skive, Denmark.

Planning meeting in Suzhou, China

Company announcements 2010

Date	No.	Subject
13-12	20	Financial calendar for 2011
16-11	19	Activities in T&O Stelectric A/S sold
09-11	18	Interim report 1 January - 30 September 2010
05-10	17	Cattin Filtration acquires the activities in Dantherm Filtration, France
03-09	16	Alteration financial calendar for 2010
27-08	15	Notification from major shareholder LD Equity
25-08	14	Interim report 1 January - 30 June 2010
15-06	13	Reconstruction of the French subsidiary
03-06	12	Insiders' dealings 3 June 2010
02-06	11	Divestment of a smaller development company
21-05	10	Interim report 1 January - 31 March 2010
03-05	9	Changes to the Board of Directors after divestment
30-04	8	Divestment of Filtration activities completed
26-04	7	Minutes annual general meeting 26 April 2010
19-04	6	Insiders' dealings 19 April 2010
13-04	5	Insiders' dealings 13 April 2010
08-04	4	Notice convening annual general meeting 26 April 2010
30-03	3	Annual accounts 2009
26-03	2	Divestment of Dantherm Filtration
18-01	1	Dantherm Power A/S in new partnership

Financial calendar for 2011

Announcement of financial statements 2010	14 March 2011
Annual general meeting	13 April 2011
Interim report 1 January - 31 March 2011	10 May 2011
Interim report 1 January - 30 June 2011	25 August 2011
Interim report 1 January - 30 September 2011	2 November 2011

Investor relations policy

Dantherm aims to pursue an open information policy in relation to all external stakeholders.

By providing information about the company's activities, strategies, expectations and risk position, Dantherm seeks to provide the share market with an objective foundation for pricing the company's shares.

To keep the company's shareholders and stakeholders in the financial market informed, the management will as a minimum strive to publish quarterly reports via NASDAQ OMX Copenhagen. In order to comply with these formal and informal commitments to the share market (including NASDAQ OMX Copenhagen), the management will also immediately publish information about important circumstances which may be assumed to be material to the pricing of the Dantherm share.

The management is positive about participating in meetings with investors, stockbrokers, share analysts, financial journalists etc. in order to provide up-to-date information on the company's strategy and activities. However, in order to comply with its information obligations, Dantherm does not wish to participate in investor meetings for a period of three weeks prior to the publication of financial statements.

All registered shareholders in Dantherm will automatically receive a notice convening general meetings. The website www.dantherm.com is updated regularly and extended to include relevant information to help present an up-to-date picture of the group.

Investor relations contact
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New assembly line at Dantherm's factory in Suzhou, China which will meet the growing demand for energy-efficient cooling systems

Corporate governance

The Board of Directors and the Board of Executives of Dantherm A/S strive to ensure good corporate governance. Endeavours are made at all times to ensure that the group's management structure and control systems are expedient and satisfactory.

At the company's website (http://www.dantherm.com/Investors/Corporate_Governance.aspx), a statement can be found which, in accordance with the recommendations from NASDAQ OMX Copenhagen on corporate governance, describes the company's compliance with the individual recommendations as well as setting out the management's comments on the individual recommendations.

In the opinion of the Board of Directors, the recommendations on corporate governance are complied with by Dantherm, with the following exceptions:

Recommendation	Dantherm's practice
2.2.1: The Committee recommends that the central governing body adopt a policy on corporate social responsibility.	Dantherm has no centrally adopted policy on corporate social responsibility which has been considered by the Board of Directors. Policies have been established in several areas, including HR, social issues and the environment. Work on adopting policies on corporate social responsibility will be expanded continuously.
5.10.3, 5.10.7 and 5.10.8: The Committee recommends that the supreme governing body establish an actual audit committee, a nomination committee and a remuneration committee.	Given the current size of the group and the Board of Directors, appointing managerial committees is, in the opinion of the Board of Directors, not expedient. Rather, these matters will be considered by the Board of Directors as a whole.

Composition and duties of the Board of Directors

The Board of Directors has six to seven members of whom four are elected for a period of one year at a time at the annual general meeting, while two to three members are elected by the group's employees in Denmark in accordance with Danish company legislation. The employee representatives have the same rights and obligations as the members elected by the annual general meeting and are elected for a period of four years. The most recent election among the employees was held in 2007.

All members of the Board of Directors elected at the annual general meeting are independent of the company.

The Board of Directors carries out an annual assessment of the composition of the Board of Directors and the way it works and carries out its duties, among other things. This includes evaluating the cooperation between the Board of Directors and the Board of Executives. The self-assessment is carried out by the chairmanship and is based on questionnaires. The consequences of the assessment are discussed by the Board of Directors.

As part of the Board of Directors' self-assessment, an assessment is made of the composition of the Board of Directors, including for example a consideration of diversity and the need for special competencies. The Board of Directors is composed of experienced corporate sector individuals with a professional background and practical experience that match the challenges facing the group.

Further information about the composition and competencies of the Board of Directors can be found in the annual report's section on the Board of Directors.

The Board of Directors convenes at least eight times a year according to a fixed meeting schedule. One of these meetings is dedicated to determining the objective and strategies of the group. The Board of Directors may also call extraordinary meetings if required by circumstances. Ten board meetings were held in 2010.

The Board of Directors' rules of procedure form the basis of its work. The rules of procedure are updated at least once a year.

Telecom cooling units

Remuneration policy

The Board of Directors discusses and regularly assesses the principles of remuneration for the Board of Executives to ensure that they comply with the common practice for comparable companies and reflect the work required.

To ensure matching interests between the Board of Executives, executive employees and the shareholders, an agreement has been made for bonus pay which may constitute up to 40% of the basic pay. The payment of bonus is conditional upon the fulfilment of a number of agreed objectives.

No extraordinary severance programmes have been agreed with the Board of Directors, the Board of Executives or executive employees. Some executive employees are entitled to compensation in the event of an acquisition or takeover by an external company.

The Board of Directors receives a fixed remuneration. Remuneration may also be paid for ad hoc work, which was not the case in 2010.

In 2007, the group established a two-year share option programme for members of the Board of Executives and a small number of executive employees. The Board of Directors has decided not to extend the programme.

The remuneration paid to the management is described in further detail in a note to the annual report.

Internal control and risk management systems in connection with financial reporting

The Board of Directors and the Board of Executives are overall responsible for the Dantherm group's risk management and internal controls in connection with the financial reporting process. The Board of Directors and the Board of Executives are also overall responsible for ensuring compliance with relevant legislation and other rules and regulations relating to financial reporting.

The Board of Directors and the Board of Executives make a priority of continually ensuring good risk management and internal controls in connection with the financial reporting process.

The group's risk management and internal controls are designed to effectively manage and eliminate the risk of errors and omissions in connection with the financial reporting.

The group's risk management and internal control systems in relation to the financial reporting will provide reasonable, but not absolute, assurance that misappropriation of assets, losses and/or significant errors and omissions in the financial reporting are avoided.

The Board of Directors and the Board of Executives regularly assess significant risks and internal controls in relation to the group's operations and their potential impact on the financial reporting process.

Dantherm A/S has decided to publish the full description of the main elements in the company's internal control and risk management systems in connection with the financial reporting process on the company's website http://www.dantherm.com/Investors/Corporate_Governance/Risk_Management.aspx.

Corporate social responsibility

Dantherm has always focused on delivering high-quality products, on maintaining good and long-term relations with customers, suppliers and employees and on acting responsibly in relation to the surrounding community. Corporate social responsibility plays a major role in Dantherm and is a part of our corporate culture.

Dantherm does not have a centrally formulated CSR policy that follows formal guidelines or standards and which has been considered by the Board of Directors. Policies have been adopted in several areas, including HR, social issues, the environment and the climate.

The group's CSR policy work and reporting will continuously increase in scope.

Staff and social issues

The group wants to ensure a healthy and safe working environment for its employees and has for this purpose implemented a number of initiatives. In addition to training and professional development, Dantherm offers health insurance, fitness schemes, first-aid courses etc.

Dantherm wants to attract and retain qualified employees without regard to religion, gender, colour or other non-work-related factors. The company works closely with public authorities in respect of work aptitude testing, flexi-jobs, integration etc. A proportion of the workforce is thus employed through social labour market efforts. A follow-up system has been established to continuously measure the proportion of the workforce employed through social labour market efforts.

Dantherm also works with educational institutions with a view to offering students practical training. This gives the company the chance to establish good contacts with potential employees, and it helps the students to clarify their career path.

Allowing the employees to develop both professionally and personally is an important condition for Dantherm's growth, and the company therefore makes a priority of regularly introducing both internal and external development and training programmes for employees on all levels.

Environment and climate

Dantherm focuses on delivering energy-saving and environmentally friendly solutions and products, and

this forms part of the group's business foundation. The Dantherm group wishes to act responsibly in every respect, be a leader in environmental solutions and comply with all statutory requirements and industry standards applying to the individual companies in the group. Therefore, Dantherm wants to be among the first to implement environmental improvements which benefit both the internal and the external environment, while the group companies will contribute to ensuring broad-scale resource optimisation.

The Dantherm group has an overall environmental policy intended to ensure that the individual companies in the group choose the most rational and environmentally friendly production methods and equipment while taking account of profitability and competitiveness.

Environmental certificates ensure an ongoing integrated focus on both general and specific improvements to the companies' internal and external environments – including the working environment. The group's primary production companies in China and Denmark are certified in accordance with the ISO 14001 standard. The non-certified companies are all subject to the group's general environmental policy.

Service inspection of DanX 16/32 swimming pool unit at Spiceball Leisure Centre, Banbury, UK

Risk assessment

A number of risk factors are associated with the business activities of the Dantherm group, and these risk factors can be divided into two main areas:

- Strategic and operational risks
- Financial risks

It is the objective of the Dantherm group – via established policies and procedures – to counter and limit the risks which the management and the employees are able to influence through their actions. The aim of the risk management is therefore not to eliminate all risks, but to actively decide which risks can be accepted and controlled and which should be avoided entirely.

The group's risks are considered by the Board of Directors at least once a year.

Strategic and operational risks

At least once a year, the Board of Directors of Dantherm A/S assesses and approves the strategic plans for the Dantherm group.

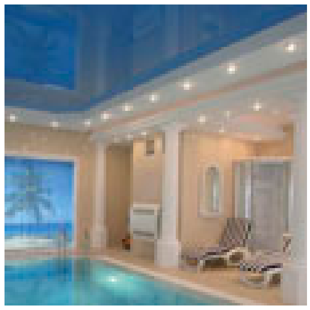
Customer dependence

Sales within Telecom and Domestic ventilation are limited to a relatively small number of customers who contribute a considerable share of consolidated revenue.

Supplier agreements

In its choice of suppliers of products and components of critical importance to the business, it is general group policy to have, whenever possible, at least two suppliers to ensure independence, competitiveness and not least reliability of supply. Where this is not possible, the group makes special agreements with the relevant suppliers to minimise the risk of delivery failure.

Control panel for Dantherm's most recent domestic ventilation series - HC domestic ventilation



Key employees
The Dantherm group has a number of initiatives which are to contribute to developing and retaining individual employees.

The group enters into contractual agreements with executive employees and other key employees, which may contain both non-competition clauses and bonus programmes to contribute to the employees' sense of loyalty and thereby keep their knowledge in the company.

Technological development
The Dantherm group operates in sectors which are characterised by ongoing technological product development. It is important for the development of the group to keep an eye on technological developments to ensure that new products can replace products which are nearing the end of their life cycle. To ensure future competitiveness and earnings, the Dantherm group engages both in innovation as such and also in the upgrading of its product programmes.

Financial risks

The overall framework for managing the financial risks has been defined by the Board of Directors. It is group policy to identify and hedge all significant financial risks in an expedient way and not to engage in active speculation in financial risks.

General reference is made to note 31 on page 73 for a more detailed description of the financial risks and their handling. Reference is also made to the description on the website of the group's internal control and risk management systems in connection with the financial reporting process.

Insurance policy
In respect of insurance of buildings and movable property and insurance against operating losses, the group's risks in the general insurance area are covered via insurance and coinsurance. The insurance policy is adjusted periodically together with an independent insurance broker and, each year, the Board of Directors assesses the group's overall risks.

Capital structure and financial resources
One element of the group's financial planning is to always ensure the availability of adequate financial resources, while at the same time minimising capital costs. Therefore, the group seeks to organise its financing so as to have adequate credit facilities at its disposal.

At the end of 2010, the group had unutilised cash reserves of DKK 59m under the new credit agreement.

Dantherm has a good and constructive working relationship with its credit institutions. In March 2010, an agreement was made with the group's credit institutions to secure the group's ongoing future financing until May 2012 when rates and conditions are due to be negotiated.

In the management's opinion, the agreement constitutes a good financing base for Dantherm and contains sufficient credit facilities to accommodate the group's operations and strategic development during the term of the agreement.

Currency risks
It is group policy to hedge significant commercial currency risks arising from foreign currency contracts where the cash flow can be predicted with sufficient accuracy, the exception, however, being contracts in EUR.

Translation risks in relation to the valuation of foreign net investments are generally not hedged. Targeted efforts are being made to capitalise the foreign subsidiaries in order to reduce the translation risk. At regular intervals, the group's management considers whether loans need to be arranged for balancing larger net investments where the interest on the currency in question is lower than the interest on DKK.

As a result of the group's increasing international activities, developments between the DKK exchange rate and the exchange rates of the various reporting currencies of the group companies are important for the operating profit/loss as reported in DKK. The total net position in currencies other than DKK and

EUR has been reduced from DKK 54m at the end of 2009 to DKK 2m at the end of 2010.

Interest rate risks

Part of the group's bank financing consists of floating-interest loans. This involves a risk of changing interest payments, both in the short and in the long term. The company regularly assesses the expediency of entering into agreements to fully or partly hedge such interest rate risk. Agreements have therefore been made to hedge the interest rate risk in respect of selected loans. At the end of 2010, the fixed-rate portion amounted to 56% against 36% at the end of 2009. When hedging the floating interest-rate risk, any changes in the interest margin are not hedged. A 1 percentage point increase in interest levels will negatively impact the group's profit before tax by approx. DKK 1m.

Credit risks

The financial situation of the company's debtors is assessed on a regular basis, and considerable debtor insurance is taken out in the individual companies. Overall, approx. 54% of the total debtor balance as at 31 December 2010 was insured against 52% at the end of 2009.

Dantherm Air Handling AS celebrating its 40th anniversary in 2010, Skallestad, Norway

Financial review

General
As mentioned in the management's review and in note 30, a number of divestments were made by Dantherm in 2010. The financial figures, including the comparative figures for 2009, have been presented in accordance with IFRS 5, which means that the income statement has been restated to show the results for continuing and discontinuing operations separately, whereas the balance sheet and the cash flow statement are not restated.

Revenue
Consolidated revenue from the continuing operations was DKK 464.6m in 2010, up 7.8% relative to last year. The realised revenue corresponds to the announced outlook for total revenue in the region of DKK 500m.

The growth in revenue is related to both business segments – HVAC and Telecom.

The divested companies and activities are classified as discontinuing operations and are therefore not included in the revenue for 2010 or the year before.

Revenue from Telecom was up 6.5% relative to 2009. The increase in revenue is primarily attributable to the companies in China and the USA.

In 2010, revenue from HVAC was 8.3% higher than in 2009. The increase in revenue is primarily attributable to growth within domestic ventilation and dehumidifiers, while revenue within the other business areas was on a par with 2009.

Costs of raw materials and consumables
The group's costs of raw materials and consumables fell by DKK 1.8m, despite the increase in revenue, resulting in improved contribution ratios.

Staff costs
In 2010, staff costs fell by 5.9% and total DKK 143.8m. The fall is primarily attributable to capacity cuts implemented at the end of 2009, and which took full effect in 2010. The average number of full-time employees associated with the continuing operations fell from 578 in 2009 to 537 in 2010, corresponding to a reduction of 7.1%.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses fell from DKK 28.1m in 2009 to DKK 22.6m in 2010. The fall is primarily attributable to a low level of investments and to the impairment of intangible assets in 2009 leading to lower amortisation in 2010.

Special items
Special items in 2010 relate to restructuring costs in the Swedish subsidiary where production has been transferred to the factories in Denmark and China, and the buildings have been sold.

Special items in 2009 primarily concern impairment of goodwill and other intangible assets as well as staff costs and other costs relating to the restructurings implemented.

Operating profit (EBIT)
For 2010, the group returned an operating profit (EBIT) for the continuing operations of DKK 6.9m, up DKK 99.2m relative to last year when a loss of DKK 92.3m was recorded.

The realised operating profit corresponds to the announced outlook of positive operating results for 2010.

Share of net profit/loss in associates
Share of net profit/loss in associates has a negative impact of DKK 30.7m. The negative impact of DKK 16.8m stems from Dantherm's 38% ownership interest in Dantherm Power and the impairment of the investment by DKK 13.9m to 0. The impairment is based on impairment testing at the end of 2010 and is attributable to the fact that the company is not expected to generate positive cash flows in the short term.

Net financials
In 2010, net financials represented a total net expense of DKK 20.7m, which is on a par with 2009. In 2010, interest expenses were lower than in 2009 due to lower interest-bearing debt, whereas capital losses were higher.

Profit/loss from continuing operations before tax
In 2010, the Dantherm group's continuing operations posted a loss before tax of DKK 44.5m against a loss in 2009 of DKK 113.0m. Results for 2010 were negatively impacted by DKK 30.7m from Dantherm Power. In 2009, Dantherm Power's results were included under discontinuing operations with a negative impact of DKK 70.1m.

The result for continuing operations before tax and associates is a loss of DKK 13.8m against a comparable loss of DKK 113.0m in 2009.

Tax on profit/loss for the year from continuing operations
Tax on the profit/loss from continuing operations constitutes income of DKK 2.6m against a negative impact of DKK 6.9m in 2009. The positive impact in 2010 is primarily attributable to changes to deferred tax in Denmark and China.

Dantherm is conservative in its estimate of the recognition of tax assets, where recognition is based on the rules on limitation and the tax rate in the relevant country. Deferred tax assets are recognised to the extent that it is probable that a taxable income will be generated in the near future in order to utilise the temporary differences and unutilised taxable losses.

At the end of 2010, the Dantherm group had unrecognised tax losses of DKK 171m against DKK 313m at the end of 2009. The fall is mainly attributable to the discontinued operations.

Net profit/loss for the year from discontinuing operations
As mentioned in the management's review, a number of divestments were made by Dantherm in 2010. The earnings impact of these divestments has been classified as discontinuing operations in accordance with IFRS 5, and comparative figures have been restated.

The result for discontinuing operations is a loss of DKK 1.9m against a loss of DKK 181.5m in 2009. Reference is made to note 30.

Net profit/loss for the year
Overall, a net loss of DKK 43.9m was realised against a net loss in 2009 of DKK 301.4m.

This is not satisfactory, but represents a considerable improvement relative to 2009.

Goodwill
Goodwill at year-end of DKK 69.5m is recognised in the balance sheet against DKK 74.9m in 2009. The

change is attributable to discontinued operations, and the remaining goodwill pertains to the Air Handling group and is unchanged relative to 2009.

Other intangible assets
Other intangible assets primarily concern development projects related to the development of new products.

The impairment of development projects was limited in 2010, and the lower value at year-end can primarily be ascribed to disposals relating to discontinued operations.

Property, plant and equipment
The combined value of the group's property, plant and equipment is DKK 147.4m against DKK 343.7m at the end of 2009. The fall is primarily attributable to disposals related to discontinued operations, investments which have been lower than depreciation and the sale of the building in the Swedish company.

Other non-current assets
Other non-current assets chiefly consist of deferred tax. Please refer to the mention of tax on profit/loss from continuing operations and the comments in note 20.

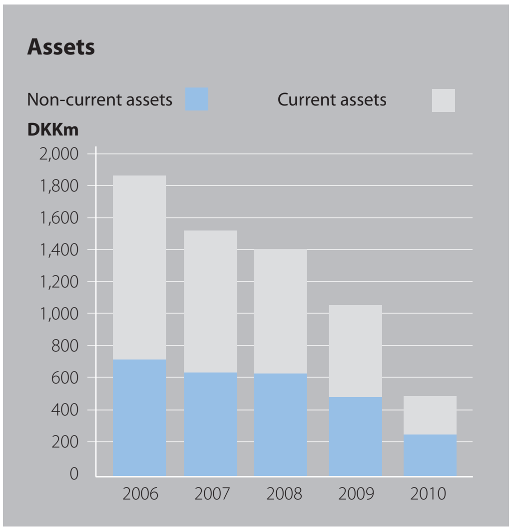
Inventories
Inventories were reduced from DKK 218.3m at the beginning of the year to DKK 94.1m at the end of the year. The reduction in inventories is primarily attributable to disposals related to discontinued operations, but inventory levels are also slightly down for continuing operations relative to levels at the end of 2009 despite increasing activity levels.

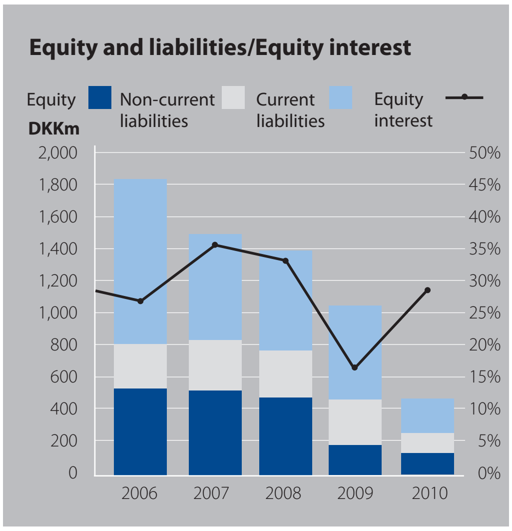
Receivables
The Dantherm group's receivables fell from DKK 231.2m at the end of 2009 to DKK 90.5m at the end of 2010. The fall is ascribed to discontinued operations. In 2010, Dantherm realised very limited losses on receivables.

Construction contracts
No construction contracts are recognised in the balance sheet at the end of 2010 as these activities related solely to the Dantherm Filtration group, which has been divested.

Assets held for sale and liabilities concerning assets held for sale
T&O Stelectric A/S was put up for sale in May 2010. The remaining assets and liabilities in Stelectric Ejendomme are primarily the property in Randers and related debt.

Equity and equity ratio
Consolidated equity, exclusive of minority interests, amounted to DKK 130.1m at the end of 2010. With





a balance sheet total of DKK 457.4m, this corresponds to an equity interest of 28.4% against 16.8% at the end of 2009. The equity interest is markedly improved thanks to the divestments made and is close to meeting the target of an equity interest of at least 30%.

Net interest-bearing debt
Net interest-bearing debt totals DKK 186.9m at the end of 2010 against DKK 459.1m at the end of 2009 and has thus been reduced by DKK 272.2m, resulting in a markedly improved capital structure. Of the interest-bearing debt at the end of 2010, finance lease commitments and mortgage debt accounted for DKK 113.8m.

Invested capital
At year-end, invested capital in the Dantherm group totalled DKK 315.6m. Compared with last year, the funds tied up were reduced by DKK 310.4m, which is mainly attributable to the divestments made.

Cash flows
The cash flows from operating activities for the year are positive at DKK 3.2m. Cash flows from operating activities are lower than 2009 due to an increase in working capital on account of increased activity levels. In 2009, cash flows from operating activities totalled DKK 76.9m and were positively impacted to a marked extent by the lower working capital.

Cash flows from investing activities amount to DKK 100.5m in 2010 against DKK -26.8m in 2009. DKK 107.3m of the cash flow from investing activities is related to net cash received in connection with divestment of subsidiaries and activities. In 2010, levels of investment were very low and primarily constituted agreed capital contributions to Dantherm Power.

Cash flows from investing activities amount to DKK -68.6m in 2010 against DKK -25.4m last year. The negative cash flows are attributable to a reduction in interest-bearing debt.

Cash flows from discontinuing activities amount to DKK 60.4m. The positive cash flows which should be compared to the amount included in the investing activities are primarily attributable to the divestment of the Dantherm Filtration group. In 2009, cash flows from discontinuing activities amounted to DKK -55.5m and concerned Dantherm Power.

Cash flow for the year was DKK 95.4m in 2010 against DKK -30.8m in 2009.

Events occurring after the end of the financial year
No important events have occurred after the balance sheet date.

Assembly of Telecom product in Suzhou, China

Statement by the Board of Directors and Board of Executives on the annual report

Today, the Board of Directors and Board of Executives have considered and approved the 2010 annual report of Dantherm A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We believe that the consolidated financial statements and the financial statements give a true and fair view of the group's and the parent's assets and liabilities and financial position as at 31 December 2010 and of the results of the group's and the parent's operations and cash flows for the financial year 1 January - 31 December 2010.

We also find that the management's review contains a true and fair account of the development in the group's and the parent's activities and financial affairs, the results for the year and the group's and the parent's financial position as well as a description of the main risks and uncertainties facing the group and the parent.

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

Skive, 14 March 2011

Board of Executives:

Torben Duer
President & CEO

Board of Directors:

Jørgen Møller-Rasmussen
Chairman

Preben Tolstrup
Deputy Chairman

Niels Kristian Agner

Nils R. Olsen

Conni-Dorthe Laursen

Per F. Pedersen

Independent auditor's report

To the shareholders of Dantherm A/S
We have audited the consolidated financial statements and financial statements of Dantherm A/S for 2010 on pages 32-89. The consolidated financial statements and the financial statements comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes for the group as well as for the parent. The consolidated financial statements and the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the consolidated financial statements and financial statements of listed companies.

During our audit, we have read the management's review on pages 1-31 and prepared a statement on it.

The Board of Directors and Board of Executives' responsibility
The Board of Directors and Board of Executives are responsible for the preparation and fair presentation of consolidated financial statements and financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the consolidated financial statements and financial statements of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Board of Directors and Board of Executives are also responsible for preparing and presenting a management's review that contains a true and fair account in accordance with Danish disclosure requirements for listed companies.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on the consolidated financial statements and the financial statements based on our audit. We conducted our audit in accordance with Danish auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and 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 financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the consolidated financial statements and financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements and financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives, as well as evaluating the overall presentation of the consolidated financial statements and 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 financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position at 31 December 2010 and of the results of the group's and the parent's operations and cash flows for the financial year 1 January - 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Statement on the management's review
As required by the Danish Financial Statements Act (*Årsregnskabsloven*), we have read the management's review contained in the annual report. We have not performed any procedures other than the audit conducted of the consolidated financial statements and financial statements. Against this background, we believe that the information in the management's review is in accordance with the consolidated financial statements and the financial statements.

Skive, 14 March 2011

Beierholm
Statsautoriseret Revisionsaktieselskab
Gl. Skivevej 73
8800 Viborg

Flemming Laigaard
State Authorised Public Accountant

Board of Directors and Board of Executives of Dantherm A/S

Board of Directors

Chairman of the Board of Directors

Jørgen Møller-Rasmussen, Director
Born 1947
Member of the Board of Directors since 1999
Elected until the annual general meeting in 2011

Chairman of the Board of Directors of:
Intervare A/S
Nemlig.com A/S

Competencies:
Graduate Engineer, Graduate Diploma in Business Administration

Former President & CEO of Dalhoff Larsen & Horneman, listed company with extensive international activities
Considerable experience within the building sector

Shareholdings:
Holding of Dantherm shares as at 31 December 2010: 5,000
(2009: 0)

Deputy Chairman

Preben Tolstrup, CEO
Born 1959
Member of the Board of Directors since 2008
Elected until the annual general meeting in 2011

Chairman of the Board of Directors of:
Adept Water Technologies A/S

CEO and member of the Board of Directors of:
The Logstor group

Competencies:
BSc in Engineering, MBA
Former Director of FLS Industries A/S and ABB Power Generation

Shareholdings:
Holding of Dantherm shares as at 31 December 2010: 15,070
(2009: 15,070)

Board member

Niels Kristian Agner, Director
Born 1943
Member of the Board of Directors since 2002
Elected until the annual general meeting in 2011

Chairman of the Board of Directors of:
G.E.C. Gad A/S
SP Group A/S
SP Moulding A/S

Member of the Board of Directors of:
Aktieselskabet Schouw & Co.
The Dantherm Foundation
D.F. Holding, Skive A/S
Direktør Hans Hornsyld og hustru Eva Hornsylds Legat
Direktør Svend Hornsylds Legat
G.E.C. Gad Boghandel A/S
G.E.C. Gads Forlag A/S
G.W. Energi A/S
Index Retail Invest A/S

Competencies:
BCom, BSc (Business Economics)
Former member of the Board of Executives of Gyldendal
Most recently Managing Director of Dansk Kapitalanlæg Aktieselskab
Now mainly engaged in board work

Shareholdings:
Holding of Dantherm shares as at 31 December 2010: 17,000
(2009: 17,000)

Board member
Nils Rosenkrands Olsen, Director
Born 1950
Member of the Board of Directors since 2002
Elected until the annual general meeting in 2011

Member of the Board of Executives of:
Blackwing Business Angels A/S

Chairman of the Board of Directors of:
AC-Sun ApS
ASA - Airline Software Applications ApS
Blackwing Business Angels A/S
Erling Høi-Nielsen A/S
Fractum ApS

Member of the Board of Directors of:
The Dantherm Foundation
D. F. Holding, Skive A/S
Grabow Maskinsystemer A/S
Weissenborn A/S

Competencies:
MSc in Economics and Business Administration
Former CEO of Cimber Air Data A/S
Mainly engaged in entrepreneurial activities and board work

Shareholdings:
Holding of Dantherm shares as at 31 December 2010: 777,324
(2009: 777,324)

Board member (employee representative)
Conni-Dorthe Laursen
Born 1956
Member of the Board of Directors since 2007
Elected until the annual general meeting in 2011

Shareholdings:
Holding of Dantherm shares as at 31 December 2010: 105
(2009: 105)

Board member (employee representative)
Per Friis Pedersen
Born 1956
Member of the Board of Directors since 2003
Elected until the annual general meeting in 2011

Board of Executives

President & CEO of Dantherm A/S
Torben Duer
Born 1963

Member of the Board of Directors of:
Magnemag A/S

Shareholdings:
Holding of Dantherm shares as at 31 December 2010: 25,000
(2009: 0)

CFO of Dantherm A/S
Mikael Tange Andersen
Born 1970 † 12 March 2011

Member of the Board of Directors of:
Fjordbank Mors A/S

Contents – Financial statements of the Dantherm group

Income statement – group

	Note	2010	2009
		DKK '000	DKK '000
Revenue	3.4	**464,626**	**431,185**
Costs of raw materials and consumables	5	-236,107	-237,955
Other external expenses	5	-53,002	-52,434
Staff costs	5, 6	-143,800	-152,819
Profit/loss before depreciation, amortisation, impairment losses and write-downs (EBITDA)		**31,717**	**-12,023**
Depreciation, amortisation, impairment losses and write-downs on property, plant and equipment and intangible assets	12, 13	-22,580	-28,136
Special items	7	-2,283	-52,138
Operating profit/loss (EBIT)		**6,854**	**-92,297**
Share of net profit/loss in associates		-30,686	0
Financial income	8	1,065	3,917
Financial expenses	9	-21,766	-24,640
Profit/loss from continuing operations before tax		**-44,533**	**-113,020**
Tax on profit/loss for the year from continuing operations	10	2,628	-6,859
Net profit/loss for the year from continuing operations		**-41,905**	**-119,879**
Net profit/loss for the year from discontinuing operations	30	-1,945	-181,491
NET PROFIT/LOSS FOR THE YEAR		**-43,850**	**-301,370**
To be distributed as follows:			
Shareholders of Dantherm A/S		-43,850	-293,050
Minority interests		0	-8,320
		-43,850	**-301,370**
Earnings per share			
Earnings per share (EPS)	11	-6.2	-41.2
Diluted earnings per share (EPS-D)	11	-6.2	-41.2
Earnings per share from continuing operations		-5.9	-31.4
Diluted earnings per share from continuing operations		-5.9	-31.4

Assets – group

	Note	31.12.10	31.12.09
		DKK '000	DKK '000
Non-current assets			
Intangible assets			
Goodwill		69,527	74,872
Completed development projects		8,686	13,964
Patents and licences		639	11,743
Prepayments and development projects in progress		194	2,953
Total intangible assets	12	**79,046**	**103,532**
Property, plant and equipment			
Land and buildings		107,624	256,715
Leasehold improvements		1,376	5,525
Plant and machinery		35,976	71,024
Other plant, fixtures and fittings, tools and equipment		2,444	10,132
Prepayments and assets in progress		0	311
Total property, plant and equipment	13	**147,420**	**343,707**
Other non-current assets			
Other securities and investments	14, 15	39	389
Deferred tax	20	6,725	17,524
Other receivables	17	0	871
Total other non-current assets		**6,764**	**18,784**
Total non-current assets		**233,230**	**466,023**
Current assets			
Inventories	16	94,144	218,304
Receivables	17	88,047	231,190
Receivables from associates	17	2,452	0
Construction contracts	18	0	46,285
Income tax receivable	25	308	702
Prepayments		882	7,457
Cash	29	14,326	51,049
		200,159	**554,987**
Assets held for sale	30	24,000	34,517
Total current assets		**224,159**	**589,504**
TOTAL ASSETS		**457,389**	**1,055,527**

Equity and liabilities – group

	Note	31.12.10	31.12.09
		DKK '000	DKK '000
Equity			
Share capital	19	359,528	359,528
Reserve for hedging transactions		-7,418	-4,034
Reserve for foreign currency translation adjustment		-449	-9,528
Retained earnings		-221,605	-168,703
Dantherm A/S shareholders' share of equity		130,056	177,263
Minority interests		-1,279	-10,331
Total equity		**128,777**	**166,932**
Liabilities			
Non-current liabilities			
Deferred tax	20	0	119
Pensions and similar obligations	21	0	8,180
Provisions	22	788	13,006
Credit institutions	23	113,821	260,970
Total non-current liabilities		**114,609**	**282,275**
Current liabilities			
Provisions	22	4,195	33,325
Credit institutions	23	87,370	249,163
Construction contracts	18	0	69,166
Trade payables and other payables	24	95,262	243,025
Trade payables to associates	24	422	0
Income tax payable	25	1,256	0
Deferred income		1,271	524
		189,776	**595,203**
Liabilities in respect of assets held for sale	30	24,227	11,117
Total current liabilities		**214,003**	**606,320**
Total liabilities		**328,612**	**888,595**
TOTAL EQUITY AND LIABILITIES		**457,389**	**1,055,527**
Contingent liabilities	26		
Security	27		
Contractual obligations	28		
Notes without reference	31, 32, 33		

Statement of changes in equity – group

DKK '000	Share capital	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Minority interests	Total
	Shareholders of Dantherm A/S						
Equity as at 1 January 2009	**359,528**	**-3,634**	**-11,272**	**124,347**	**0**	**-2,011**	**466,958**
Changes in equity in 2009							
Foreign currency translation adjustment, foreign enterprises	0	0	1,744	0	0	0	1,744
Value adjustment of hedging instruments, end of year	0	-372	0	0	0	0	-372
Tax on value adjustment of hedging instruments	0	-28	0	0	0	0	-28
Net gains/losses recognised directly in equity	**0**	**-400**	**1,744**	**0**	**0**	**0**	**1,344**
Net profit/loss for the year	0	0	0	-293,050	0	-8,320	-301,370
Total income	**0**	**-400**	**1,744**	**-293,050**	**0**	**-8,320**	**-300,026**
Total changes in equity in 2009	**0**	**-400**	**1,744**	**-293,050**	**0**	**-8,320**	**-300,026**
Equity as at 31 December 2009	**359,528**	**-4,034**	**-9,528**	**-168,703**	**0**	**-10,331**	**166,932**
Equity as at 1 January 2010	**359,528**	**-4,034**	**-9,528**	**-168,703**	**0**	**-10,331**	**166,932**
Changes in equity in 2010							
Foreign currency translation adjustment, foreign enterprises	0	0	4,579	0	0	0	4,579
Value adjustment of hedging instruments	0	-2,681	0	0	0	0	-2,681
Translation adjustments in connection with divestments		0	4,500	0	0	0	4,500
Changes in minority interests	0	0	0	-9,052	0	9,052	0
Tax on value adjustment of hedging instruments	0	-703	0	0	0	0	-703
Net gains/losses recognised directly in equity	**0**	**-3,384**	**9,079**	**-9,052**	**0**	**9,052**	**5,695**
Net profit/loss for the year	0	0	0	-43,850	0	0	-43,850
Total changes in equity	**0**	**-3,384**	**9,079**	**-52,902**	**0**	**9,052**	**-38,155**
Equity as at 31 December 2010	**359,528**	**-7,418**	**-449**	**-221,605**	**0**	**-1,279**	**128,777**

Statement of comprehensive income – group

	2010 DKK '000	**2009** DKK '000
Net profit/loss for the year	**-43,850**	**-301,370**
Other comprehensive income		
Foreign currency translation adjustments arising from the translation of the equity of foreign enterprises	4,579	1,744
Value adjustment of hedging instruments for the year	-2,681	-372
Translation adjustments in connection with divestments	4,500	0
Tax on value adjustment of hedging instruments	-703	-28
Other comprehensive income after tax	**5,695**	**1,344**
Comprehensive income	**-38,155**	**-300,026**
To be distributed as follows:		
Shareholders of Dantherm A/S	-47,207	-291,706
Minority interests	9,052	-8,320
Comprehensive income	**-38,155**	**-300,026**

Cash flow statement – group

	Note	2010 DKK '000	2009 DKK '000
Profit/loss from continuing operations before tax		**-44,533**	**-212,323**
Adjustment for non-cash operating items etc.:			
Depreciation, amortisation, impairment losses and write-downs		22,580	123,564
Other operating items, net		3,003	4,574
Net profit/loss in associates		30,686	0
Provisions		-1,084	13,435
Financial income		-1,065	-14,581
Financial expenses		21,766	45,374
Cash flow from primary operations before change in working capital		**31,353**	**-39,957**
Change in inventories		5,356	79,008
Change in receivables		-27,334	131,711
Change in trade payables etc.		16,826	-62,832
Cash flow from primary operations		**26,201**	**107,930**
Interest income received		1,065	1,634
Interest expenses paid		-21,766	-27,145
Cash flow from ordinary operations		**5,500**	**82,419**
Income tax paid		-2,324	-5,555
Cash flow from operating activities		**3,176**	**76,864**
Purchase of intangible assets	12	-3,273	-14,812
Purchase of property, plant and equipment	13	-933	-13,607
Purchase of financial assets	14	-8,000	0
Sale of intangible assets	12	0	428
Sale of property, plant and equipment	13	5,416	1,207
Sale of subsidiaries and activities	30	107,289	0
Cash flow from investing activities		**100,499**	**-26,784**
Loan financing:			
Lease payments in respect of assets held under finance leases		-12,287	-18,024
Proceeds from the raising of non-current liabilities		0	11,537
Repayment of non-current liabilities		-56,331	-18,914
Cash flow from financing activities		**-68,618**	**-25,401**
Cash flow from discontinuing operations	30	**60,350**	**-55,461**
Cash flow for the year		**95,407**	**-30,782**
Cash and cash equivalents, beginning of year		-157,532	-126,399
Foreign currency translation adjustment of cash and cash equivalents		1,576	-351
Cash and cash equivalents, end of year		**-60,549**	**-157,532**
Cash at the end of the year comprises:			
Cash	29	14,326	51,049
Short-term bank debt	29	-74,875	-208,581
Cash and cash equivalents, end of year		**-60,549**	**-157,532**

For a description of financial resources, please see note 31.

1. Accounting policies of the group

Dantherm A/S is a public limited company registered in Denmark. The annual report for the period 1 January-31 December 2010 comprises the consolidated financial statements of Dantherm A/S and its subsidiaries (the group) as well as separate financial statements of the parent.

The 2010 annual report of Dantherm A/S has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. NASDAQ OMX Copenhagen A/S's disclosure requirements for annual reports of listed companies and the executive order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

Furthermore, the annual report meets the International Financial Reporting Standards prepared by the IASB.

Basis of preparation

The annual report is presented in DKK rounded off to the nearest DKK '000.

The annual report has been prepared on the basis of the historical cost convention, except for the fact that the following assets and liabilities are measured at fair value: Derivatives and any financial instruments in the trading portfolio and any financial instruments classified as available for sale.

Any non-current assets and disposal groups held for sale are measured at the lower of carrying amount before the changed classification and fair value less selling costs.

The accounting policies, which are described below, have been applied consistently during the financial year and in relation to the comparative figures. The accounting policies have been applied consistently with the previous years.

New accounting regulation

As of 1 January 2010, Dantherm A/S has implemented:

- More amendments to IAS 32 Financial Instruments: Presentation and 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives.
- Parts of amendments to IFRSs May 2008 to become effective on 1 July 2009.
- Amendments to IFRSs April 2009.

For the Dantherm group, IFRS 3 (2008) and IAS 27 (2007) are applied to transactions completed on 1 January 2010 or later. The standards contain a number of new provisions, the most important being:

- Step acquisitions entail value adjustment to fair value directly in the income statement of the investments held so far.
- Gains/losses from the sale of investments, leading to loss of control, are recognised in the income statement. At the same time, any investments retained in the business in question are remeasured at fair value, the value adjustment being made in the income statement.
- The purchase/sale of minority interests, without any loss of control, is accounted for as equity transactions.

Except for IFRS 3, the new standards and interpretations have not affected the recognition and measurement in 2010.

Accounting policies

Consolidated financial statements

The consolidated financial statements cover the parent, Dantherm A/S, and subsidiaries in which Dantherm A/S has a controlling influence on the financial and operational policies of such enterprise with a view to obtaining a return or other advantages from its activities. A controlling interest is obtained by directly or indirectly owning or controlling more than 50% of the voting rights or in any other way controlling the enterprise in question. Enterprises in which the group has a substantial, but not controlling influence are considered to be associates. A substantial interest is typically obtained by directly or indirectly owning or controlling more than 20%, but less than 50%, of the voting rights. When assessing whether Dantherm A/S has a controlling or a substantial interest, potential voting rights which may be exercised at the balance sheet date are taken into consideration. A group chart is shown on page 4.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries presented according to the group's accounting policies and eliminating intergroup income and expenditure, shareholdings, intergroup balances and dividends and realised and unrealised gains from intergroup transactions. Unrealised gains from transactions with associates are eliminated in proportion to the group's ownership share in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains to the extent that no impairment exists.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of identifiable net assets and recognised contingent liabilities at the acquisition date.

In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' shares of the net profit/loss for the year and of the equity in subsidiaries which are not wholly owned are recognised as part of the group's results and equity, respectively, but are listed separately.

Business combinations

Newly acquired or newly founded enterprises are recognised in the consolidated financial statements as from the date of acquisition. Divested or discontinued enterprises are recognised in the consolidated income statement up until the time of divestment or discontinuation. Comparative figures are not adjusted for newly acquired enterprises. Discontinuing operations are presented separately, cf. below.

In the event of the acquisition of new enterprises in which the parent obtains a controlling influence, the acquisition method is used. The identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or arise out of a contractual right, and the fair value can be measured reliably. Deferred tax on the reassessments made is recognised.

The date of acquisition is the date at which the parent actually gains control of the acquired enterprise. The positive difference (goodwill) between the consideration, the value of minority interests in the business taken over and the fair value of any previously acquired investments on the one hand, and the fair value of the identifiable assets, liabilities and contingent liabilities taken over on the other hand, is recognised as goodwill under intangible assets.

Goodwill is not amortised, but is tested for impairment at least once a year. The first impairment test is carried out by the end of the year of acquisition. In connection with the acquisition, goodwill is attributed to the cash-generating units, which subsequently form the basis of an impairment test.

Goodwill and fair value adjustments relating to the acquisition of a foreign unit using a functional currency other than the Dantherm group's presentation currency are treated as assets and liabilities belonging to the foreign unit and translated upon initial recognition into the functional currency of the foreign unit at the exchange rate applicable at the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

The consideration paid for an enterprise consists of the fair value of the agreed consideration in the form of assets and liabilities taken over and equity instruments issued. If parts of the consideration are conditional upon future events or the fulfilment of agreed conditions, this portion of the consideration is recognised at fair value at the time of acquisition.

Costs attributable to business combinations are expensed in the income statement when incurred. If, at the date of acquisition, uncertainty exists with regard to the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration, initial recognition is based on a preliminary determination of values.

If it is subsequently established that the identification or measurement of the consideration, the acquired assets, liabilities or contingent liabilities was incorrect upon initial recognition, the measurement is adjusted with retrospective effect, including goodwill until twelve months after the takeover, and the comparative figures are restated. After this time, goodwill is not adjusted. Changes in estimates of conditional consideration are generally expensed in the income statement.

Presentation of discontinuing operations
Discontinuing operations constitute a considerable part of the enterprise if activities and cash flows can be separated from the rest of the business in terms of operations and accounting, and if the unit has either been divested or separated as held for sale and the sale is expected to be realised within one year according to a formal plan.

The net profit/loss from discontinuing operations, value adjustments after tax of related assets and liabilities and gains or losses from divestments are presented as a separate item in the income statement together with comparative figures. In the notes, revenue, costs, value adjustments and tax for the discontinuing operation are stated. Assets and related liabilities of discontinuing operations are stated as separate items in the balance sheet without restatement of comparative figures, while the main items are specified in the notes.

Cash flows from operating, investing and financing activities for the discontinuing operations are stated in a note.

Assets held for sale
Assets held for sale comprise non-current assets and disposal groups held for sale. Disposal groups are groups of assets which must be disposed of in one single transaction by means of a sale or a similar transaction. Liabilities relating to assets held for sale are liabilities directly related to such assets which will be transferred in connection with the transaction. Assets are classified as held for sale when the carrying amount of such assets will mainly be recovered through a sale within one year according to a formal plan rather than through continued use.

Assets or disposal groups held for sale are measured at the lower of carrying amount at the time of classifying such assets or disposal groups as held for sale and the fair value less selling costs. Assets are not depreciated and amortised as from the time when they are classified as held for sale.

Impairment losses arising as a result of the first classification as held for sale and gains and losses from the subsequent measurement at the lower of carrying amount and fair value less selling costs are recognised in the income statement under the items concerned. Gains and losses are stated in the notes.

Assets and related liabilities are stated as separate items in the balance sheet, while the main items are specified in the notes. Comparative figures in the balance sheet are not restated.

Foreign currency translation
A functional currency is determined for each of the reporting enterprises in the group. The functional currency is the currency which is used in the primary financial environment in which the individual reporting enterprise operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate applicable at the date of payment are recognised in the income statement under financial income or expenses.
Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rate applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and the exchange rate applicable at the date at which the receivable or payable arose or the exchange rate applied in the latest annual report is recognised in the income statement under financial income or expenses.

On recognition in the consolidated financial statements of foreign enterprises with a functional currency which differs from Dantherm A/S's presentation currency, income statements are translated using the exchange rate applicable at the transaction date, and balance sheet items are translated using the exchange rate applicable at the balance sheet date. An average exchange rate for the individual months is used as the exchange rate applicable at the transaction date to the extent that this does not materially affect the financial statements. Foreign exchange differences arising from the translation of the equity of foreign enterprises at the beginning of the year using the exchange rates applicable at the balance sheet date and the translation of income statements from the exchange rates applicable at the transaction date using the exchange rates applicable at the balance sheet date are recognised directly in equity.

Translation adjustment of balances with foreign enterprises which are considered to be part of the total net investment in the enterprise concerned is recognised directly in equity in the consolidated financial statements.

Similarly, foreign exchange gains and losses are recognised directly in equity in the consolidated financial statements for the parts of loans and derivative financial instruments which have been raised for hedging the net investment in such enterprises and which effectively hedge against similar foreign exchange gains and losses on the net investment in the enterprises.

In the event of the full or partial divestment of foreign units or in the event of the repayment of balances which are considered to be part of the net investment, the share of the accumulated foreign currency translation adjustments which are recognised directly in equity and which may be attributable thereto is recognised in the income statement along with any gains or losses resulting from the divestment.

Derivative financial instruments
Derivative financial instruments are recognised as from the trading day and are measured in the balance sheet at fair value. The fair value of derivative financial instruments is included in other receivables under current assets (positive fair values) and other payables under current liabilities (negative fair values), respectively, and a set-off of positive and negative values is made only when the enterprise is entitled to and intends to settle several financial instruments net. The fair value of financial instruments is calculated on the basis of current market data and recognised valuation methods.

Changes in the fair value of derivative financial instruments which are classified as and meet the conditions for hedging future cash flows and which effectively hedge changes in the value of the hedged item are recognised in equity under a separate reserve for hedging transactions. Once the hedged transaction is realised, the gain or loss from such hedging transaction is transferred from equity and recognised under the same item as the hedged item.

As for derivative financial instruments which do not meet the conditions for treatment as hedging instruments, changes in the fair values are recognised on a continuous basis under net financials in the income statement.

Some contracts involve conditions which correspond to derivative financial instruments. Such incorporated financial instruments are recognised separately and are measured at fair value if they differ significantly from the contract in question unless the entire contract has been recognised and is measured at fair value on an ongoing basis.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that passing of risk to the buyer has taken place before the end of the year, and provided that the income can be measured reliably and is expected to be received. Revenue from services which involve service sales is recognised in accordance with the completed contract method at the time of performing such service. Revenue is measured at fair value excluding VAT and taxes collected on behalf of a third party less discounts and rebates. Generally, the Dantherm group does not accept returns, so no provisions are made for returned goods.

Construction contracts where services with a high degree of individual customisation are delivered are recognised in revenue as performed whereby revenue corresponds to the selling price of the work performed during the year (the production method). Revenue is recognised when total income and expenses and the stage of completion of the construction contract at the balance sheet date can be calculated reliably, and when it is probable that the economic benefits, including payment, will flow to the group.

Public grants

Public grants comprise grants and financing of development and investment activities etc. Grants are recognised when there is reasonable assurance that they will be received.

Grants for research and development costs recognised in the income statement are set off directly against the costs which the grant is to cover.

Grants for the purchase of assets and development projects are set off against the cost of the assets eligible for grants.

Remissible loans granted by public authorities for the financing of development activities are recognised under liabilities until it is likely that the conditions for the remission of debt can be met.

Share of net profit/loss in associates

The proportionate share of the associates' profit/loss after tax and minority interests and after elimination of the proportionate share of intercompany gains and losses is recognised in the consolidated income statement.

Financial income and expenses

Financial income and expenses comprise interest, capital gains and losses as well as write-downs of securities, payables and foreign currency transactions, amortisation of financial assets and liabilities as well as supplements and compensation under the tax prepayment scheme etc. Financial income and expenses also comprise realised and unrealised gains and losses concerning derivative financial instruments which cannot be classified as hedging agreements.

Borrowing costs in respect of general borrowing or loans directly relating to the purchase, construction or development of qualifying assets are attributed to the cost of such assets, for which construction or development has commenced after 1 January 2009 in accordance with IAS 23.

Tax on profit/loss for the year
The company is subject to the Danish rules on compulsory joint taxation of the Danish companies of the Dantherm group. Subsidiaries are included in the joint taxation as from the time when they are included in the consolidated financial statements and up until the time when they are excluded from the consolidation. The company acts as the administration company for the joint taxation and consequently settles all income tax payments with the Danish tax authorities.

In connection with the settlement of the joint taxation contribution, the current Danish income tax is distributed between the jointly taxed companies in proportion to their taxable income. Companies which utilise tax losses in other companies pay joint taxation contributions to the parent corresponding to the tax base of the utilised losses, while companies whose tax losses are utilised by other companies receive joint taxation contributions from the parent corresponding to the tax base of the utilised losses (full distribution).

Tax for the year which consists of the current income tax for the year, the joint taxation contribution for the year and changes in deferred tax – also as a result of a change in the tax rate – is recognised in the income statement with the portion attributable to the net profit/loss for the year and directly in equity with the portion attributable to amounts recognised directly in equity.

Assets

Intangible assets

Goodwill
On initial recognition, goodwill is recognised at cost in the balance sheet as described under 'Business combinations'. Subsequently, goodwill is measured at cost less accumulated impairment losses. No amortisation of goodwill is made.

The carrying amount of goodwill is allocated to the group's cash-generating units at the date of acquisition. The definition of cash-generating units follows the internal management and financial control structure.

Development projects, patents and licences
Clearly defined and identifiable development projects where the technical degree of utilisation, adequate resources and a potential future market or use in the enterprise can be demonstrated, and where the intention is to produce, market or use the project, are recognised as intangible assets, provided that the cost can be calculated reliably and there is sufficient certainty that future earnings or the net selling price can cover the production, selling and administration costs as well as the development costs. Other development costs are recognised in the income statement as incurred.

Development costs are measured at cost less accumulated amortisation and impairment losses. The cost comprises salaries, amortisation and other costs which are attributable to the company's development activities.

Grants relating to development projects are deducted from the costs incurred. Upon completion of the development work, development projects are amortised according to the straight-line method over their estimated useful lives. The amortisation period is 3-6 years. The basis of amortisation is also reduced by any impairment losses. Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents and licences are amortised according to the straight-line method

over the shorter of the remaining patent or contract period and useful life, the maximum being, however, six years. The basis of amortisation is reduced by any impairment losses.

Property, plant and equipment

Land and buildings, leasehold improvements, plant and machinery as well as other plant, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. The cost comprises the purchase price and any costs directly attributable to the purchase until the date when the asset is available for use. For internally manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and wages and salaries.

Leased assets where the group obtains actual benefits and risks associated with the ownership of such asset are capitalised as assets held under finance leases. The cost is calculated at the lower of the fair value of the asset and the present value of the future minimum lease payments. For calculating the present value, the internal rate of interest of the lease is used as the discount rate or an approximation of this value. The corresponding finance lease commitments are recognised under liabilities. Lease costs relating to operating leases are recognised on an ongoing basis in the income statement over the term of the lease.

Subsequent costs relating to, e.g., the replacement of components of property, plant and equipment are included in the carrying amount of the asset concerned when it is probable that the incurrence will bring future financial benefits to the group. The carrying amount of the replaced components will no longer be recognised in the balance sheet and is transferred to the income statement. All other ordinary repair and maintenance costs are recognised in the income statement as incurred.

The cost of an overall asset is divided into separate components which are depreciated separately if the useful lives of the individual components are different.

Property, plant and equipment are depreciated according to the straight-line method over the expected useful lives of the assets as follows:

Building components	15-30 years
Leasehold improvements	5 years
Plant and machinery	3-8 years
Other plant, fixtures and fittings, tools and equipment	3-7 years

Land is not depreciated.

The basis of depreciation is calculated taking into account the residual value of the asset and is reduced by any impairment losses. The residual value is calculated at the date of acquisition and reassessed annually. If the residual value exceeds the carrying amount of the asset, the asset is no longer depreciated.

In connection with a change in the depreciation period or the residual value, the depreciation effect is recognised prospectively as a change in the accounting estimate.

Investments in associates

Investments in associates are measured in the consolidated financial statements according to the equity method whereby the investments are measured in the balance sheet at the proportionate share of the enterprises' equity value calculated according to the group's accounting policies less or plus the proportionate share of unrealised intergroup gains and losses plus the carrying amount of goodwill. Investments in associates are tested for impairment when there is an indication of impairment.

Securities

Securities which are not included in the group's trading portfolio are classified as available for sale, recognised at cost under non-current assets on the trading day and subsequently measured at fair value corresponding to the share price of listed securities and at an estimated fair value calculated on the basis of market data and recognised valuation methods for unlisted securities. Unrealised value adjustments are recognised directly in equity, except for impairment losses resulting from impairment and reversal thereof. Upon realisation, the accumulated value adjustment recognised in equity is transferred to net financials in the income statement.

Impairment of non-current assets
Goodwill and intangible assets with indefinable useful lives are tested for impairment at least once a year. Development projects in progress are also tested for impairment once a year.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill has been allocated and is impaired to the lower of recoverable amount and carrying amount in the income statement. The recoverable amount is usually calculated as the present value of the expected future cash flows from the enterprise or activity (cash-generating unit) to which goodwill is attached.

Deferred tax assets are assessed annually and are only recognised to the extent that it is probable that they will be utilised.

The carrying amount of other non-current assets is assessed 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 the expected costs of disposal and the value in use. The value in use is calculated as the present value of the expected future cash flows from the asset or the cash-generating unit of which the asset is a part.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of such asset or cash-generating unit. Impairment losses are recognised in the income statement under the item relating to the impairment loss. Impairment of goodwill is recognised under special items in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed to the extent that the conditions and estimates leading to the impairment have changed. Impairments are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

Inventories
Inventories are measured at cost in accordance with the FIFO method. If the net realisable value is lower than the cost, inventories are written down to this lower value.
The cost of goods for resale as well as raw materials and consumables comprises the acquisition price plus delivery costs.

The cost of manufactured goods and work in progress comprises the cost of raw materials, consumables, direct labour costs and production overheads. Production overheads comprise indirect materials and wages and salaries as well as the maintenance and depreciation of the machinery, factory buildings and equipment used in the production process as well as factory administration and management costs.

The net realisable value of inventories is calculated as the selling price less completion costs and costs incurred to make the sale and is fixed with due regard to negotiability, obsolescence and developments in the expected selling price.

Receivables
Receivables are measured at amortised cost. If an indication of impairment exists, provisions for bad debts are made. Write-downs are made on an individual basis.

Write-downs are calculated as the difference between the carrying amount and the present value of expected cash flows, including the realisable value of any security received. The effective rate of interest on the individual receivable or portfolio is used as a discount rate.

The recognition of interest on receivables written down as income is calculated for the value written down using the effective rate of interest on the individual receivable or portfolio.

Construction contracts
Construction contracts in progress are measured at the selling price of the work performed less on-account invoices and any expected losses. Construction contracts are characterised by the products manufactured being highly individualised in terms of design. Furthermore, a binding contract must have been concluded prior to the commencement of the work which will result in a fine or damages in case of a cancellation.

The selling price is measured on the basis of the stage of completion at the balance sheet date and the total expected income from the individual contract. The stage of completion is determined on the basis of an assessment of the work performed.

When it is probable that the total contract costs of a construction contract will exceed the total contract revenue, the expected loss including a proportionate share of the indirect costs of the construction contract is expensed immediately.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured as the costs incurred to the extent that it is probable that such costs will be recovered.

Construction contracts where the selling price of the work performed exceeds on-account invoices and expected losses are recognised under receivables. Construction contracts where on-account invoices and expected losses exceed the selling price are recognised under liabilities. Prepayments from customers are recognised under liabilities. Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepaid expenses
Prepaid expenses are measured at amortised cost.

Equity

Dividend
Proposed dividend is recognised as a liability at the time of adoption by the annual general meeting (time of declaration). Expected dividend payable for the year is shown as a separate item under equity.

Treasury shares
Purchase and selling prices as well as dividend from treasury shares are recognised directly in retained earnings under equity. Proceeds from the sale of treasury shares and the issue of Dantherm A/S shares in connection with the exercise of share options or employee shares are recognised directly in equity.

Reserve for hedging transactions
Reserve for hedging transactions includes the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows and where the hedged transaction has not yet been realised.

Reserve for foreign currency translation adjustment
Reserve for foreign currency translation adjustment in the consolidated financial statements comprises currency translation differences arising from the translation of financial statements of foreign enterprises from their functional currencies to the Dantherm group's presentation currency (Danish kroner).

In the event of full or partial realisation of the net investment, the foreign currency translation adjustments are recognised in the income statement.

Reserve for financial assets available for sale
Unrealised value adjustments of financial assets available for sale are recognised directly in equity, except for impairment losses resulting from impairment and reversal thereof. Upon realisation, the accumulated value adjustment recognised in equity is transferred to net financials in the income statement. Reserve for financial assets available for sale is part of the free reserves.

Liabilities

Pension obligations

The group has made pension agreements and similar agreements with most of the group's employees.

Obligations concerning 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, an annual actuarial calculation is made of the value in use of future benefits to be paid under the plan.

The value in use is calculated on the basis of assumptions of the future development in wage/salary levels, interest rates, inflation and mortality, among other things. The value in use is solely calculated for the benefits earned by the employees through their employment so far with the group. The actuarially calculated value in use less the fair value of any assets attached to the plan is recognised in the balance sheet under pension obligations, cf. however, below.

Differences between the expected development in pension assets and liabilities and the realised values are called 'actuarial gains' or 'actuarial losses'. In connection with the transition to IFRS, accumulated actuarial gains and losses were fully recognised in the opening balance sheet as at 1 January 2004.

If subsequent accumulated actuarial gains or losses at the beginning of a financial year exceed the larger numerical value of 10% of the pension obligations and of 10% of the fair value of the pension assets, the surplus amount is recognised in the income statement over the concerned employees' expected average remaining duration of employment with the company. Actuarial gains or losses which do not exceed the limits mentioned above are not recognised in the income statement or the balance sheet, but are stated in the notes.

Any change in benefits that concern the employees' employment so far with the company results in a change in the actuarially calculated value in use, which is regarded as a historical cost. Historical costs are expensed immediately if the employees have already obtained the right to the changed benefit. If not, they are recognised in the income statement over the period in which the employees will obtain the right to the changed benefit. If a pension plan is a net asset, the asset is only recognised to the extent that it corresponds to non-recognised actuarial losses, future repayments from the plan or leads to reduced future contributions to the plan.

Current tax and deferred tax

In accordance with the joint taxation rules, Dantherm A/S will, as the administration company, assume liability for the subsidiaries' income tax vis-à-vis the Danish tax authorities in step with the payment of joint taxation contributions by the subsidiaries.

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income of previous years and tax paid on account. Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured using the balance sheet liability method on the basis of all temporary differences between the carrying amount and tax base of assets and liabilities. However, no recognition is made of deferred tax on temporary differences concerning non-amortisable goodwill and office properties for tax purposes and other items where temporary differences – except for acquisitions – have occurred at the date of acquisition without influencing the results or the taxable income. In cases where the tax base can be calculated according to different taxation rules, the deferred tax is measured on the basis of the use of the asset or the discontinuation of the liability planned by the management.

Deferred tax assets, including the tax base of tax losses allowed for carry-forward, are recognised under other non-current assets at the value at which

they are expected to be used, either in the form of a set-off against tax on future earnings or in the form of a set-off against deferred tax liabilities within the same legal tax unit and jurisdiction.

An adjustment is made of deferred tax concerning eliminations of unrealised intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries which will be applicable under the legislation in force at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Provisions

Provisions primarily comprise warranty commitments and restructuring commitments. Provisions are recognised when the group, as a result of an event having occurred before or at the balance sheet date, has incurred a legal or constructive obligation and it is probable that financial resources must be spent in order to meet such obligation, and the size of the amount can be estimated reliably. In this context, the Dantherm group prepares an estimate based on the most likely outcome of the matter. In situations where the most likely outcome cannot be estimated reliably, such matters are recognised as a contingent liability.

Warranty commitments are recognised in step with the sale of goods and services on the basis of warranty costs incurred in previous financial years.

Restructuring costs are recognised as liabilities when a detailed formal plan for the restructuring has been published at the balance sheet date at the latest vis-á-vis the stakeholders affected by the plan. A provision is recognised in respect of onerous contracts when the expected benefits of a contract for the group are smaller than the inevitable costs related to such contract (onerous contracts).

Financial liabilities

Amounts owed to credit institutions etc. are recognised at the date of borrowing at the net proceeds less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective rate of interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan. Financial liabilities also include the capitalised remaining lease obligation in respect of finance leases measured at amortised cost. Other liabilities are measured at amortised cost.

Leases

Lease commitments are divided into finance leases and operating leases for accounting purposes. A lease is classified as a finance lease when it primarily transfers the risks and advantages of owing the leased asset. Other leases are classified as operating leases. The accounting treatment of assets held under finance leases and the related commitment are described in the sections on property, plant and equipment and financial liabilities, respectively. Lease payments relating to operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Deferred income

Deferred income is measured at amortised cost.

Cash flow statement

The cash flow statement shows the cash flows divided into cash flows from operating activities, investing activities and financing activities for the year as well as changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and end of the year.

The effect on cash flow of the acquisition and divestment of enterprises is recognised separately under cash flows from investing activities. In the cash flow statement, cash flows relating to acquired enterprises are recognised as from the date of acquisition, and cash flows relating to divested enterprises are recognised as from the date of divestment.

Cash flow from operating activities
Cash flows from operating activities are calculated according to the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest paid and income tax paid.

Cash flow from investing activities
Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises and activities, the purchase and sale of intangible assets, property, plant and equipment and other non-current assets as well as the purchase and sale of securities not recognised as cash and cash equivalents.

Cash flow from financing activities
Cash flows from financing activities comprise changes to the size and composition of share capital and costs incidental thereto as well as the arrangement of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividend to shareholders. Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents
Cash and cash equivalents comprise cash, short-term bank debt and securities with a term to maturity of less than three months which can easily be converted into cash and to which only an immaterial risk of value changes attaches.

Segment information

The segment information has been prepared in accordance with the accounting policies applied by the group and the internal management reporting.

Segment income and expenditure as well as segment assets and liabilities comprise the items which are directly attributable to the individual segment and the items which can be allocated to the individual segment on a reliable basis. Non-allocated items mainly comprise assets and liabilities as well as income and expenditure concerning the group's administrative functions, investing activities, income taxes etc.

Non-current assets in the segment comprise non-current assets used directly in the operations of the segment, including intangible assets, property, plant and equipment as well as investments in associates. Current assets in the segment comprise current assets used directly in the operations of the segment, including inventories, trade receivables, other receivables, prepaid expenses and cash.

Segment liabilities comprise liabilities derived from the operations of the segment, including trade payables and other payables.

Ratios

The ratios have been prepared in accordance with the Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010'.

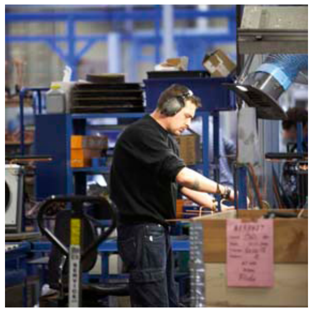
Financial ratios:

Growth rate	$\frac{\text{Change in revenue x 100}}{\text{Last year's revenue}}$
Profit margin (EBIT (%))	$\frac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$
Invested capital including goodwill	Equity + Minority interests + Net interest-bearing debt - Investments in associates - Securities
Return on invested capital before tax (ROIC)	$\frac{\text{Operating profit/loss before amortisation of goodwill (EBITA) x 100}}{\text{Average invested capital including goodwill}}$
Equity interest	$\frac{\text{Equity excluding minority interests, end of year x 100}}{\text{Total assets, end of year}}$

Share-related ratios:

Earnings per share (EPS)	$\frac{\text{The group's share of the net profit/loss for the year}}{\text{Average no. of shares}}$
Diluted earnings per share (EPS-D)	$\frac{\text{The group's share of the net profit/loss for the year}}{\text{Average no. of diluted shares}}$
Cash flow per share (CFPS)	$\frac{\text{Cash flow from operating activities}}{\text{Average no. of shares}}$
Dividend per share	$\frac{\text{Proposed dividend to shareholders}}{\text{Average no. of shares}}$
Equity value, end of year	$\frac{\text{Equity excluding minority interests, end of year}}{\text{No. of shares, end of year}}$
Price/equity value, end of year	$\frac{\text{Share price, end of year}}{\text{Equity value, end of year}}$

2. Accounting estimates and assessments



In the calculation of the carrying amount of certain assets and liabilities, an estimate must be made as to how future events will affect the value of such assets and liabilities at the balance sheet date. The management bases its estimates on historical experience and other assumptions which are deemed to be reasonable under the given circumstances. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is affected by risks and uncertainties which may lead to the actual results deviating from the estimates.

It may be necessary to change estimates made in previous years due to changes in the conditions on which such estimates were based or as a result of new knowledge or subsequent events.

As part of the application of the group's accounting policies, the management makes assessments in addition to estimates which may have a significant impact on the amounts recognised in the annual report. The management of Dantherm A/S deems the following estimates and assessments to be significant for the financial reporting, including as part of the application of the group's accounting policies.

Impairment test carried out on goodwill

At least once a year, the carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill has been allocated. The value is calculated as the present value of the expected future net cash flows from the enterprise to which goodwill is related and on the basis of the budget for 2011, the outlook for 2012-2013 and a terminal value. Naturally, the estimate of the expected cash flows several years into the future is subject to some uncertainty. The uncertainty is reflected in the discount rate selected. See note 12 for a description of the impairment test carried out on goodwill.

Provisions

The group has warranty commitments in respect of goods and plant sold under warranties valid for 1 to 5 years. The commitments have been calculated on the basis of historical warranty costs and are subject to some uncertainty due to the dependency on future events.

Other provisions, contingent assets and contingent liabilities, including the most likely outcome of pending or future court cases, are assessed on a continuous basis. The outcome depends on future events, which are naturally uncertain. When assessing the most likely outcome of court cases and tax matters etc., the management includes internal and external legal advisers as well as outcomes known from case law. A specification of provisions appears from note 22.

Application of the production method

In the divested Filtration group, the group had concluded a large number of contracts which, for accounting purposes, are treated according to the production method. On the conclusion of contracts, it is assessed separately whether a contract meets the criteria specified for recognition according to the production method. This assessment is to some extent based on a subjective judgement.

Contracts treated according to the production method contain an on-account mark-up fixed on the basis of an assessment of the expected profit on the project and the stage of completion. The on-account mark-up is fixed by the project manager together with the finance function. To some extent, the assessment of the on-account mark-up depends on future events and is therefore subject to some uncertainty. Reference is made to note 18.

Inventories

In the ordinary course of business, the group plans materials from subsuppliers for processing in the group in such a way that the expected customer demands can be met. In many cases, it is difficult to ensure a completely error-free planning of materials to meet future customer demand, for which reason situations may arise in which materials purchased or manufactured for the inventory are no longer expected to be demanded.

Consequently, write-downs for obsolescence in respect of the inventories are made. Inventories are written down on the basis of historical scrappings due to obsolescence as well as knowledge and estimates of slow-moving items. The value of future scrappings or losses on sales at net realisable value may deviate from the write-downs made, but the management assesses that the estimates made in respect of obsolescence are reasonable and expedient. Reference is made to note 16.

Recognition of deferred tax assets

In connection with the recognition of deferred tax assets, a separate assessment is made of whether it is expected that the asset can be set off against tax on future earnings or against deferred tax liabilities. The assessment is based on the companies' budget and strategy figures and is subject to the rules on limitation in the relevant country. Reference is made to note 20. Naturally, such assessment is subject to some uncertainty.

Notes – group

3. Segment information

Following the divestments made in 2010, Dantherm has only one business segment, the Dantherm Air Handling group. The management reporting covers only this one segment.

The group has divided the Dantherm Air Handling segment into two main areas – HVAC and Telecom. The management reporting contains the revenue for these business areas, and developments are described in the management's review.

Activities – primary segment 2010

DKK '000	Air Handling	Not allocated	Total for the segments
Revenue	464,808	0	464,808
Intercompany sales	-182	0	-182
Revenue	464,626	0	464,626
Special items	-2,283	0	-2,283
Operating profit/loss	15,848	-8,994	6,854
Segment assets	366,955	90,434	457,389
Capital expenditure	4,206	8,000	12,206
Depreciation and amortisation	22,077	503	22,580
Segment liabilities	249,657	78,955	328,612
Cash flows from operating activities	-15,467	-12,291	3,176
Cash flows from investing activities	1,210	99,289	100,499
Cash flows from financing activities	-12,040	-56,331	-68,618
Average number of employees	531	6	537

Geographically – secondary segment 2010

DKK '000	Revenue	Segment assets	Capital expenditure
Denmark	47,121	350,800	11,380
EU countries	253,053	9,625	0
Asia	63,480	55,586	379
USA	30,243	13,443	140
Other countries	70,729	27,935	307
Total for the segments	**464,626**	**457,389**	**12,206**

Customers accounting for more than 10% of consolidated revenue generate revenue of DKK 74.0m. In 2009, no customers accounted for more than 10% of consolidated revenue.

Notes – group

3. Segment information – continued

Activities – primary segment 2009

DKK '000	Air Handling	Not allocated	Continuing operations	Discontinued operations	Total for the segments
Revenue	435,317	0	435,317	923,827	1,359,144
Intercompany sales	-4,132	0	-4,132	-14,927	-19,059
Revenue	431,185	0	431,185	908,900	1,340,085
Special items	-47,758	-4,380	-52,138	-58,242	-110,380
Operating profit/loss	-55,799	-36,498	-92,297	-89,233	-181,530
Segment assets	346,845	99,621	446,466	609,061	1,055,527
Capital expenditure	14,062	11	14,073	14,346	28,419
Depreciation and amortisation	28,096	40	28,136	25,476	53,612
Segment liabilities	60,004	521,034	581,038	307,557	888,595
Cash flows from operating activities	35,793	-28,110	7,683	41,881	49,564
Cash flows from investing activities	-14,062	-11	-14,073	-40,872	-25,401
Cash flows from financing activities	-9,667	-11,503	-21,170	-4,231	-54,945
Average number of employees	572	6	578	1,185	1,763

Geographically – secondary segment 2009

DKK '000	Revenue	Segment assets	Capital expenditure
Denmark	41,304	378,632	13,153
EU countries	269,466	12,315	0
Asia	40,410	27,957	508
USA	13,485	7,568	363
Other countries	66,520	19,994	49
Continuing operations	**431,185**	**446,466**	**14,073**
Discontinuing operations	908,900	609,061	14,346
Total for the segments	**1,340,085**	**1,055,527**	**28,419**

Notes – group

		2010 DKK ’000	2009 DKK ’000
4. Revenue			
	Trade payables	464,626	431,185
	Total revenue	**464,626**	**431,185**
5. Costs			
	Costs of raw materials and consumables		
	Purchased supplies for the year	235,175	183,458
	Change in inventories	4,771	49,495
	Write-down of inventories for the year	7,064	10,056
	Reversed write-downs of inventories	-10,903	-5,054
	Total costs of raw materials and consumables	**236,107**	**237,955**
	Reversed write-downs of inventories concerning goods which have been sold, used for production or scrapped.		
	Fee for auditors appointed by the general meeting		
	Total fee for Beierholm	866	1,187
	Total fee for other auditors	217	355
	Total fee for auditors appointed by the general meeting	**1,083**	**1,542**
	This can be specified as follows:		
	Audit	820	988
	Other assurance services	6	5
	Tax and VAT consultancy services	31	158
	Consultancy services in connection with acquisitions and divestments	162	0
	Other consultancy services	64	391
	Total	**1,083**	**1,542**
	Research and development costs recognised in the income statement		
	Research and development costs incurred	14,816	12,801
	Development costs recognised under intangible assets	-3,273	-1,861
	Amortisation and impairment of recognised development costs	5,255	10,481
	Total research and development costs recognised in the income statement	**16,798**	**21,421**
	Staff costs		
	Remuneration for the Board of Directors of the parent	1,519	2,429
	Wages and salaries	125,738	132,309
	Defined-contribution plans	9,775	10,880
	Defined-benefit plans	0	154
	Other social security expenses	6,768	7,047
	Total staff costs	**143,800**	**152,819**
	Average number of employees	537	578

Notes – group

	2010 DKK ’000	2009 DKK ’000
5. Costs – continued		
Remuneration for the Board of Directors, the Board of Executives and other executive employees		
Salaries and remuneration:		
Board of Directors of the parent	1,519	2,429
Board of Executives of the parent	7,068	2,590
Other executive employees	4,064	3,128
Total salaries and remuneration	**12,651**	**8,147**
Pension contributions		
Board of Directors of the parent	0	0
Board of Executives of the parent	127	3,445
Other executive employees	219	323
Total pension contributions	**346**	**3,768**
Total remuneration		
Board of Directors of the parent	1,519	2,429
Board of Executives of the parent	7,195	6,035
Other executive employees	4,283	3,451
Total remuneration	**12,997**	**11,915**

The Board of Directors is remunerated for the work performed only. The remuneration for the Board of Directors fell from DKK 2,429k in 2009 to DKK 1,519k in 2010. The remuneration paid to individual members is DKK 150k, which is unchanged from 2009. The chairman and the deputy chairman are paid an additional supplement of 150% and 75%, reduced from 200% and 100% in 2009. The appointment and remuneration of board committees stopped at the end of 2009.

At the general meeting in 2010, the number of members elected by the general meeting was reduced from seven to four so that the Board of Directors now consists of six members. The board members who are stepping down have received remuneration up until the general meeting.

The remuneration for the Board of Executives comprises a fixed salary and a bonus which is conditional upon the fulfilment of a number of objectives defined in advance. The annual bonus cannot exceed 40% of the fixed salary.

From November 2009, the Board of Executives has had two members, whereas it had only one member previously.

The remuneration paid to the Board of Executives in 2010 totalled DKK 7,195k with DKK 5,089k being paid to the CEO and DKK 2,106k to the CFO. The remuneration paid to the Board of Executives in 2010 includes DKK 2,782k paid in the form of bonuses in connection with the divestments made. In 2009, severance pay for a former manager was paid in the form of a pension contribution of DKK 3,200k.

Other executive employees comprise key staff in the parent or employees responsible for the group’s main business areas and who are not members of the Board of Executives of the parent. At the end of 2010, the group consisted of three employees, and in 2009 also consisted of three employees, of which one was included in the group for ten months.

Notes – group

6. Share-based remuneration

In 2007, Dantherm A/S established a two-year share option programme for the Board of Executives and executive employees (nine persons in total). The Board of Directors of Dantherm has chosen not to extend the programme, for which reason no costs in this respect were recognised in 2009 and 2010.

The share option programme comprised a total of 51,284 share options as at 31 December 2010, which is unchanged relative to the end of 2009. In connection with the change of the Board of Executives, an agreement was made to the effect that the 14,851 share options held by the former Board of Executives forfeited.
Each share option entitles the owner to buy one existing Dantherm A/S share with a nominal value of DKK 50. The outstanding options constitute 0.7% of the share capital.

The share options were granted in connection with the approval of the annual report for the previous financial year by the Board of Directors. The persons concerned have been able to obtain a right to buy a number of shares for an amount corresponding to up to half their annual fixed remuneration including pension, but excluding benefits in the financial year of the granting.

The granting was subject to the following criteria:
- 50% was granted without conditions.
- Up to 50% was granted in accordance with the fulfilment of a number of agreed targets for the previous financial year.

The exercise price was fixed as the average price for a period of ten days after publication of the company's annual report plus 5% per year.

The share options may be exercised in a period from three to six years after the granting. Consequently, options granted in 2008 may be exercised between 2011 and 2014. The options can only be exercised for a period of four weeks after publication of an annual or interim report.

The options can only be settled in shares. A portion of the company's holding of treasury shares has been reserved for the settlement of options granted.

	Board of Executives of the parent	**Other executive employees**	**Total**	**Average exercise price per option**	**Fair value per option at the time of granting**	**Total fair value at the time of granting**
	shares	shares	shares	DKK	DKK	DKK '000
Outstanding options at the beginning of 2009	14,851	51,284	66,135	163	33	2,158
Granted	0	0	0			
Forfeited	-14,851	0	-14,851	163	33	-486
Reclassification in connection with new Board of Executives	16,875	-16,875	0			
Exercised	0	0	0			
Expired	0	0	0			
Outstanding options at the end of 2009	**16,875**	**34,409**	**51,284**	**163**	**33**	**1,672**
Outstanding options at the beginning of 2010	16,875	34,409	51,284	163	33	1,672
Outstanding options at the end of 2010	**16,875**	**34,409**	**51,284**	**163**	**33**	**1,672**
Number of options exercisable at the end of 2009	**0**	**0**	**0**			
Number of options exercisable at the end of 2010	**0**	**0**	**0**			

Notes – group

The calculated fair values on granting have been based on a Black-Scholes model for the valuation of options. The assumptions for the statement of fair value at the time of granting are as follows:

	2008	2007
Average share price (DKK)	133.61	106.13
Exercise price (DKK)	179.06	142.23
Expected volatility	30.0%	30.0%
Expected term to maturity	6 years	6 years
Risk-free interest rate	4.0%	4.0%

The exercise price is adjusted for dividend paid.

	2010 DKK '000	2009 DKK '000
7. Special items		
Impairment of goodwill	0	23,636
Impairment of intangible assets	0	15,716
Staff costs relating to redundancy payments	2,130	11,506
Other restructuring costs	153	1,280
Total special items	**2,283**	**52,138**

In 2010, special items comprised the costs of restructuring the Swedish company, transferring production to the factories in Denmark and China and selling the buildings.

In 2009, special items comprised the impairment of capitalised goodwill amounts in respect of Dantherm Air Handling AB and impairment of development projects as a result of a restructuring of the Air Handling product portfolio as well as severance payments and other restructuring costs.

	2010 DKK '000	2009 DKK '000
8. Financial income		
Interest, cash and securities	196	218
Foreign exchange gains	694	2,668
Other financial income	175	1,031
Total financial income	**1,065**	**3,917**

Notes – group

		2010	2009
		DKK '000	DKK '000
9. Financial expenses			
	Interest, bank and mortgage debt etc.	19,070	22,508
	Foreign currency translation adjustment and foreign exchange losses	2,696	2,132
	Total financial expenses	**21,766**	**24,640**
10. Tax			
	Tax for the year comprises:		
	Tax on profit/loss for the year	2,628	6,859
	Tax on changes in equity	-703	-572
	Total	**1,925**	**6,287**
	Tax on profit/loss for the year comprises:		
	Current tax	-3,889	233
	Adjustment of deferred tax	4,425	3,678
	Adjustment of deferred tax due to changed assessment of tax assets	2,012	1,982
	Adjustment of tax in respect of previous years	80	966
	Total	**2,628**	**6,859**
	Tax on profit/loss for the year comprises:		
	Profit/loss before tax	-44,533	-113,020
	Share of net profit/loss in associates	30,686	0
	Profit/loss from continuing operations before tax without associates	-13,847	-113,020
	Tax rate	25%	25%
	Calculated tax on profit/loss before tax	3,462	28,255
	Adjustment of calculated tax in foreign group enterprises		
	relative to current tax rate	-55	433
	Income in companies with local losses	987	135
	Losses in companies where the tax base is not recognised	-1,221	-24,317
	Other taxes (not income-dependent)	-2,561	-1,281
	Tax effect of:		
	Non-deductible costs and non-taxable income, net	-76	-420
	Impairment of goodwill without tax effect	0	-7,682
	Change in the valuation of tax losses in addition to the earnings performance	2,012	-1,982
	Adjustment of tax in respect of previous years	80	0
	Total	**2,628**	**6,859**
	Effective tax rate without associates	19%	6%

Notes – group

The tax income is primarily attributable to an adjustment of deferred tax. The income is primarily attributable to an adjustment of tax assets in the group's foreign and Danish companies where the earnings performance and outlook are better than expected in the previous recognition. Recognition of tax assets in the group's companies is based on an assessment of earnings and taking account of the rules on limitation in the individual countries.

As at 31 December 2010, the group had non-recognised tax losses of DKK 45.8m in foreign companies and DKK 124.7m in the jointly taxed Danish companies, corresponding to a total tax value of DKK 41.9m. Some of the non-recognised tax losses in the foreign companies are subject to restrictions, while some are subject to rules on limitation.

	2010	2009
	DKK '000	DKK '000
11. Earnings per share		
Net profit/loss for the year	-43,850	-301,370
Minority interests' share of the consolidated results	0	8,320
The Dantherm A/S group's share of net profit/loss for the year	**-43,850**	**-293,050**
Average no. of shares	7,190,574	7,190,574
Average no. of treasury shares	-80,526	-80,526
Average no. of shares in circulation	**7,110,048**	**7,110,048**
Average dilution effect of outstanding share options	0	0
Average no. of diluted shares in circulation	**7,110,048**	**7,110,048**
Earnings per share (EPS) of DKK 50	-6.2	-41.2
Diluted earnings (EPS-D) per share of DKK 50	-6.2	-41.2
The calculation for 2010 of earnings per share for continuing and discontinued operations is based on the same key figures as earnings per share:		
Dantherm shareholders' share of:		
Profit/loss from discontinuing operations	-1,945	-70,069
Profit/loss from continuing operations	-41,905	-222,981
Net profit/loss for the year	**-43,850**	**-293,050**

See also note 6 for a description of share-based remuneration, which may potentially dilute the earnings per share in future.

Notes – group

12. Intangible assets

DKK '000	Goodwill	Completed development projects	Patents and licences	Prepayments and development projects in progress	Total
Cost as at 1 January 2009	102,342	50,937	8,508	51,466	213,253
Disposals in relation to discontinuing operations	0	-8,321	-151	-30,338	-38,810
Foreign currency translation adjustment	1,208	3	-73	-3	1,135
Reclassification	0	11,332	10,811	-13,986	8,157
Additions	0	893	2,389	11,530	14,812
Disposals	0	-669	0	0	-669
Cost as at 31 December 2009	**103,350**	**54,175**	**21,484**	**18,669**	**197,878**
Amortisation and impairment losses as at 1 January 2009	0	32,174	4,622	1,047	37,843
Disposals in relation to discontinuing operations	0	-403	-87	-1,047	-1,537
Foreign currency translation adjustment	0	-39	-26	0	-65
Reclassification	0	775	566	0	1,341
Amortisation	0	7,945	4,666	0	12,611
Impairment losses	28,678	0	0	15,716	44,394
Amortisation and impairment losses, disposals	0	-241	0	0	-241
Amortisation and impairment losses as at 31 December 2008	**28,678**	**40,211**	**9,741**	**15,716**	**94,346**
Carrying amount as at 31 December 2009	**74,872**	**13,964**	**11,743**	**2,953**	**103,532**
Cost as at 1 January 2010	103,350	54,175	21,484	18,669	197,878
Disposals in relation to discontinued operations	-8,279	-16,094	-16,130	-17,689	-58,192
Foreign currency translation adjustment	0	238	186	0	424
Reclassification	0	3,724	0	-3,724	0
Additions	0	0	0	3,273	3,273
Disposals	0	-56	-546	-335	-937
Cost as at 31 December 2010	**95,271**	**41,987**	**4,994**	**194**	**142,446**
Amortisation and impairment losses as at 1 January 2010	28,678	40,211	9,741	15,716	94,346
Disposals in relation to discontinued operations	-2,934	-12,216	-5,793	-15,470	-36,413
Foreign currency translation adjustment	0	196	165	0	361
Amortisation	0	5,166	788	89	6,043
Amortisation and impairment losses, disposals	0	-56	-546	-335	-937
Amortisation and impairment losses as at 31 December 2010	**25,744**	**33,301**	**4,355**	**0**	**63,400**
Carrying amount as at 31 December 2010	**69,527**	**8,686**	**639**	**194**	**79,046**
To be amortised over		3-6 years	3-6 years		

Notes – group

Goodwill:
As at 31 December 2010, the management carried out an impairment test of the carrying amount of goodwill.
An impairment test is, as a minimum, carried out once a year if events or changed circumstances indicate that the carrying amount is higher than the recoverable amount.

The factors deemed by the group to entail an impairment test comprise:
• Significantly reduced earnings relative to historical and/or expected future results.
• Significant changes to the group's use of the assets or to the overall business strategy.
• Significant negative trends for the industry or the economy to which the goodwill attaches.

In the impairment test, the recoverable amount, corresponding to the discounted value of expected future cash flows, is compared to the carrying amount of the individual cash-generating units.

Expected future cash flows are based on the budgets and outlook for future earnings approved by the management.

The discount rate used to calculate the recoverable amount of all cash-generating units was 8-10% before tax in 2009 and 2010 and reflects the risk-free interest rate plus specific risks weighted in relation to the equity interest.

The goodwill amount as at 31 December 2010 concerns the Dantherm Air Handling group. The impairment tests carried out in respect of the Dantherm Air Handling group did not give rise to any changed assessment of the carrying amount.

As a result of declining earnings and a changed strategic focus on the core business, 2009 saw the impairment, following an impairment test of consolidated goodwill, of capitalised goodwill amounts relating to T&O Stelectric A/S of DKK 5.0m and Dantherm Air Handling AB of DKK 23.7m.

Completed development projects:
Development costs comprise salaries and other costs which are attributable to the company's development activities. Upon completion of the development work, development projects are amortised according to the straight-line method over their estimated useful lives. Significant differences between the expected and the realised sales of the developed products result in an assessment of whether a need for impairment exists.

Development projects in progress:
At the end of the financial year, the need for impairment of development projects in progress was assessed. The need for impairment is assessed on the basis of the expected future cash flows, which are estimated by the project manager, the person responsible for sales and a representative from the finance function on the basis of business plans and budgets prepared for the most important development projects. Expectations for the future are based on historical experience from similar products, knowledge of customer interest and specific order indications in case of customised products. Naturally, such assessment is subject to some uncertainty.

The assessment of the impairment need at the end of 2010 has not given rise to impairment.

At the end of 2009, development projects in progress in the Air Handling segment were impaired by DKK 15.7m.

Notes – group

13. Property, plant and equipment

DKK '000	Land and buildings	Leasehold improvements	Plant and machinery	Other plant, fixtures and fittings, tools and equipment	Prepayments and assets in progress	Total
Cost as at 1 January 2009	351,711	13,787	186,654	32,937	13,345	598,434
Disposals in relation to discontinuing operation	0	0	-204	-848	0	-1,052
Foreign currency translation adjustment	1,372	-72	76	1,005	-4	2,377
Reclassification	5	-176	14,677	-9,633	-13,030	-8,157
Additions	1,396	346	8,177	3,688	0	13,607
Disposals	-192	-127	-1,234	-5,731	0	-7,284
Cost as at 31 December 2009	**354,292**	**13,758**	**208,146**	**21,418**	**311**	**597,925**
Depreciation and impairment losses as at 1 January 2009	67,678	5,398	109,243	11,193	0	193,512
Disposals in relation to discontinuing operation	0	0	-58	-259	0	-317
Foreign currency translation adjustment	1,805	-81	-132	718	0	2,310
Reclassification	-277	-20	211	-1,255	0	-1,341
Depreciation	13,005	3,013	19,072	5,927	0	41,017
Impairment losses	15,558	0	10,000	0	0	25,558
Depreciation and impairment losses, disposals	-192	-77	-1,214	-5,038	0	-6,521
Depreciation and impairment losses as at 31 December 2009	**97,577**	**8,233**	**137,122**	**11,286**	**0**	**254,218**
Carrying amount as at 31 December 2009	**256,715**	**5,525**	**71,024**	**10,132**	**311**	**343,707**
Of which assets held under finance leases	105,659	0	40,377	299	0	146,335
Cost as at 1 January 2010	354,292	13,758	208,146	21,418	311	597,925
Disposals in relation to discontinued operation	-188,754	-5,293	-78,108	1,803	-311	-270,663
Foreign currency translation adjustment	1,467	621	1,621	789	0	4,498
Additions	0	84	271	578	0	933
Disposals	-6,881	0	-1,020	-2,638	0	-10,539
Cost as at 31 December 2010	**160,124**	**9,170**	**130,910**	**21,950**	**0**	**322,154**
Depreciation and impairment losses as at 1 January 2010	97,577	8,233	137,122	11,286	0	254,218
Disposals in relation to discontinued operation	-48,320	-2,546	-51,276	8,135	0	-94,007
Foreign currency translation adjustment	827	422	1,208	652	0	3,109
Depreciation	5,585	1,685	8,817	1,837	0	17,924
Depreciation and impairment losses, disposals	-3,169	0	-937	-2,404	0	-6,510
Depreciation and impairment losses as at 31 December 2010	**52,500**	**7,794**	**94,934**	**19,506**	**0**	**174,734**
Carrying amount as at 31 December 2010	**107,624**	**1,376**	**35,976**	**2,444**	**0**	**147,420**
Of which assets held under finance leases	101,266	0	23,059	0	0	124,325
To be depreciated over	15-30 years	5 years	5-8 years	3-7 years	-	-
Selling price of disposed assets	4,955	0	9	452	0	5,416
Carrying amount	3,712	0	83	234	0	4,029
Gains/losses from disposal	**1,243**	**0**	**-74**	**218**	**0**	**1,387**

Notes – group

14. Investments in associates	**31.12.10**	**31.12.09**
	DKK '000	DKK '000
Cost as at 1 January	0	0
Reclassified from discontinuing operation	25,100	0
Additions relating to the purchase of investments	8,000	0
Cost as at 31 December	**33,100**	**0**
Value adjustments as at 1 January	0	0
Value adjustments for the year in respect of share of net profit/loss (38%)	-19,217	0
Impairment losses for the year	-13,883	0
Value adjustments as at 31 December	**-33,100**	**0**
Carrying amount as at 31 December	**0**	**0**

Investments in associates include the company Dantherm Power A/S situated in Hobro, Denmark, of which Dantherm owns a share of 38%. Dantherm did not have any associates in 2009.
Key figures for Dantherm Power A/S in 2010 are as follows:

					Dantherm's share	
DKK '000	**Revenue**	**Net loss for the year**	**Assets**	**Liabilities**	**Equity**	**Net loss for the year**
	14,753	-52,074	24,015	24,015	0	-33,100

15. Other securities and investments	**31.12.10**	**31.12.09**
	DKK '000	DKK '000
Cost as at 1 January	1,741	1,872
Disposals in relation to discontinuing operation	-1,194	0
Additions	0	-131
Cost as at 31 December	**547**	**1,741**
Value adjustments as at 1 January	-1,352	-746
Disposals in relation to discontinuing operation	850	0
Reclassified	0	43
Value adjustments for the year	-6	-649
Value adjustments as at 31 December	**-508**	**-1,352**
Carrying amount as at 31 December	**39**	**389**

Financial assets classified as available for sale and consisting of listed and non-listed shares calculated at fair value.

16. Inventories		
Raw materials and consumables	41,288	119,214
Work in progress	10,818	25,407
Manufactured goods and goods for resale	42,038	67,367
Prepayment for goods	0	6,316
Total inventories	**94,144**	**218,304**
Carrying amount of inventories recognised at fair value	**38,077**	**39,893**

Notes – group

17. Receivables	31.12.10	31.12.09
	DKK ’000	DKK ’000
Trade receivables	74,275	213,885
Receivables from associates	2,452	0
Other receivables	13,772	18,176
Total receivables	**90,499**	**232,061**
Write-downs set off against the amounts above	1,158	22,687
Receivables falling due after one year	0	871

It is estimated that the carrying amount of receivables corresponds to the fair value.
No security has been provided for receivables.

Write-downs included in the receivables above have developed as follows:

Write-downs as at 1 January	22,687	20,649
Disposals in relation to discontinued operations	-19,829	0
Net adjustment of provisions and losses during the year	208	2,152
Reversed provision	-1,908	-114
Write-downs as at 31 December	**1,158**	**22,687**

18. Construction contracts		
Construction contracts	0	163,397
On-account invoices	0	-186,278
Construction contracts as at 31 December	**0**	**-22,881**

To be recognised as follows:

Construction contracts (assets)	0	46,285
Construction contracts (liabilities)	0	-69,166
Total	**0**	**-22,881**

19. Share capital	Number of shares		Nominal value (DKK ’000)	
	2010	**2009**	**2010**	**2009**
1 January	7,190,574	7,190,574	359,528	359,528
31 December	**7,190,574**	**7,190,574**	**359,528**	**359,528**

The share capital consists of 7,190,574 shares with a nominal value of DKK 50. The shares are not divided into classes.

Treasury shares

	Number of shares		Nominal value (DKK ’000)	
	2010	**2009**	**2010**	**2009**
1 January	80,526	80,526	4,026	4,026
31 December	**80,526**	**80,526**	**4,026**	**4,026**
Treasury shares’ share of the share capital	**1.1%**	**1.1%**		

Dantherm has been authorised by the general meeting to let the company buy treasury shares up to a total nominal value of 10% of the share capital. The consideration paid must not deviate by more than 10% from the currently listed share price at the time of purchase. This authorisation is valid until the next annual general meeting to be held on 13 April 2011.

No treasury shares were traded in 2009 and 2010.

Notes – group

20. Deferred tax	2010	2009
	DKK '000	DKK '000
Deferred tax as at 1 January	-17,405	-35,509
Disposals in relation to discontinuing operations	15,644	5,527
Joint taxation contributions in relation to discontinuing operations	788	-1,149
Foreign currency translation adjustment	-67	-315
Adjustment of deferred tax in respect of previous years	-4,425	-181
Changed assessment of tax assets	-2,012	13,563
Deferred tax for the year included in net profit/loss for the year	-80	1,231
Deferred tax for the year recognised in equity	703	-572
Deferred tax as at 31 December, net	**-6,725**	**-17,405**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	-6,725	-17,524
Deferred tax (liability)	0	119
Deferred tax as at 31 December, net	**-6,725**	**-17,405**
Deferred tax concerns:		
Non-current assets	-47	564
Current assets	-2,372	-811
Liabilities	-864	-1,815
Tax losses allowed for carry-forward	-3,442	-15,343
Total deferred tax	**-6,725**	**-17,405**

Deferred tax assets in Danish and foreign companies are recognised as tax loss carry-forwards and other differences set off against income likely to be realised in future. A conservative recognition is made on the basis of the earnings outlook and subject to specific circumstances and the rules on limitation in the individual countries.

The positive adjustment of deferred tax assets is primarily attributable to the companies in Denmark and China.

The group has tax losses of DKK 170.5m (2009: DKK 313.6m), the tax value of which amounts to DKK 41.9m and is not recognised in the balance sheet.

Notes – group

21. Pensions and similar obligations

The group has no defined-benefit pension plans at the end of 2010.

Comments on the 2009 comparative figures:
There are no pension obligations for the Danish companies as these have been covered. The pension obligations of some foreign enterprises are also covered by insurance. Foreign enterprises which are not, or only partially, covered by insurance (defined-benefit plans) determine the uncovered pension obligations actuarially at present value at the balance sheet date. Such pension plans are covered by pension funds for the employees. In the consolidated financial statements, an amount of DKK 8,180k has been recognised under liabilities for covering the group's obligations vis-à-vis existing and former employees after deduction of any pension plan assets. The parent only has defined-contribution plans.

In the consolidated income statement, an amount of DKK 20,348k has been expensed in respect of pension plans covered by insurance (defined-contribution plans). As regards pension plans not covered by insurance (defined-benefit plans), a net amount of DKK 50k has been recognised for the group, including adjustment of obligations relating to previous years.

In defined-contribution plans, the employer is under an obligation to pay a specific contribution (e.g. a fixed amount or a fixed percentage of the pay). In a defined-contribution plan, the group does not expose itself to risks related to the future development in interest rates, inflation, mortality and disability.

The Dantherm group has defined-benefit plans in Sweden, France and Germany.

In most countries, multi-employer agreements exist, which are managed by pension companies. Dantherm has no influence on how the pension companies hedge their obligations or how the contributions to the plans are invested.

Below, the plans of the individual countries and their inclusion in the annual report are outlined.

In Sweden, the companies are part of a multi-employer agreement managed by insurance companies. The companies have no influence on the investment of the assets and liabilities of the plans. The pension companies send out an annual statement of the net liability and basis of calculation. The net liability is included in the pension obligation below. The net liability pertaining to the Swedish plans totals DKK 2,740k. In addition to the liabilities recognised in the balance sheet, the group has a Swedish plan which, due to lack of access to information about the pension company Alecta, will be treated as a defined-contribution plan in accordance with IAS 19, no. 30. For the year, costs in relation to the plan of DKK 339k have been expensed.

In Germany, as in Sweden, no distribution has been made of the assets and liabilities of the plan, for which reason the net liability has been recognised in the pension obligation below. The net pension obligation totals DKK 2,322k.

The group's pension obligation in France is based on an actuarial calculation prepared in accordance with French accounting legislation and converted to IFRS. The net liability in respect of the French plan amounts to DKK 3,089k.

	2010	**2009**
	DKK '000	DKK '000
Present value of defined-benefit plans	0	8,522
Fair value of assets related to the plans	0	-342
Net liability recognised in the balance sheet	**0**	**8,180**

Notes – group

21. Pensions and similar obligations – continued	2010	2009
	DKK '000	DKK '000
Development in the present value of defined-benefit plan		
Obligation as at 1 January	8,522	8,636
Disposals on transition to defined-contribution plan	-8,522	0
Foreign currency translation adjustment	0	72
Pension costs in respect of the current financial year	0	207
Actuarial gains and losses	0	-236
Pension costs in respect of previous financial years	0	-157
Liability as at 31 December	**0**	**8,522**
Development in the fair value of pension assets		
Pension assets as at 1 January	342	321
Disposals on transition to defined-contribution plan	-342	0
Foreign currency translation adjustment	0	-53
Group payments to pension plan assets	0	74
Pension assets as at 31 December	**0**	**342**
Pension assets comprise:		
European bonds	0	342
Pension assets as at 31 December	**0**	**342**
Pension cost recognised in the income statement		
Pension costs in respect of the current financial year	0	207
Pension costs in respect of previous financial years	0	-157
Defined-benefit plans, total	0	50
Defined-contribution plans, total	9,775	20,348
Total	**9,775**	**20,398**
Expected contributions to defined-benefit plans	0	200
Assumptions for the actuarial calculations as at the balance sheet date are as follows (averages):		
Average discount rate	N/A	5.0%
Expected return on pension plan assets	N/A	5.0%
Future rate of pay increases	N/A	2.0%

Notes – group

22. Provisions	2010	2009
	DKK '000	DKK '000
Warranty commitments as at 1 January	27,607	23,560
Disposals in relation to discontinued operations	-24,446	0
Translation adjustment	99	66
Used during the year	-2,623	-4,437
Unused warranty commitments, reversed	0	-2,804
Provisions made for the year	2,294	11,222
Warranty commitments as at 31 December	**2,931**	**27,607**
Provisions for restructuring as at 1 January	4,436	0
Disposals in relation to discontinued operations	-4,436	0
Provisions made for the year	0	6,379
Used during the year	0	-1,943
Provisions for restructuring as at 31 December	**0**	**4,436**
Other liabilities as at 1 January	14,288	9,201
Disposals in relation to discontinued operations	-13,404	0
Translation adjustments	72	-61
Provisions made for the year	2,000	10,050
Used during the year	-904	-4,902
Other liabilities as at 31 December	**2,052**	**14,288**
Provisions as at 31 December	**4,983**	**46,331**
The maturities of provisions are expected to be:		
0-1 year	4,195	33,325
1-5 years	788	13,006
Provisions as at 31 December	**4,983**	**46,331**

Warranty commitments concern goods sold under warranties as well as the right to return goods within a short time limit. The commitments have been calculated on the basis of the experience of previous years. The costs are expected to be incurred in the course of the warranty period.

Comments on the 2009 comparative figures:
Provisions for other liabilities in 2009 concerned probable losses on construction contracts and construction contracts in progress where the selling prices agreed do not exceed the expected total contract costs and anticipated costs for completion of finally invoiced construction contracts.

Notes – group

23. Payables to credit institutions	31.12.10	31.12.09
	DKK '000	DKK '000
Payables to credit institutions are recognised as follows:		
Long-term payables (of which finance leases 106,194/127,712)	113,821	260,970
Short-term payables (of which finance leases DKK 12,495/15,647)	87,370	249,163
Total payables to credit institutions	**201,191**	**510,133**
Falling due after five years:	**83,486**	**107,024**
Fair value	**204,089**	**513,004**

The difference between the carrying amount and the fair value is DKK 2,898k (2009: DKK 2,871k).
The difference is attributable to floating-interest lease debt.

The above-mentioned payables include finance leases as follows:

Finance leases are recognised as follows:		**2010**	
DKK '000	**Lease payment**	**Interest**	**Carrying amount**
0-1 year	17,330	-4,835	12,495
1-5 years	45,848	-15,513	30,335
> 5 years	87,782	-11,923	75,859
Total finance leases	**150,960**	**-32,271**	**118,689**

Finance leases are recognised as follows:		**2009**	
DKK '000	**Lease payment**	**Interest**	**Carrying amount**
0-1 year	20,176	-4,529	15,647
1-5 years	59,682	-14,122	45,560
> 5 years	93,910	-11,758	82,152
Total finance leases	**173,768**	**-30,409**	**143,359**

	31.12.10	31.12.09
	DKK '000	DKK '000
24. Trade payables and other payables		
Trade payables	46,265	82,821
Payables to associates	422	0
Other payables	48,997	160,204
Total trade payables and other payables	**95,684**	**243,025**
25. Income tax		
Income tax as at 1 January	702	-1,707
Disposals in relation to discontinuing operation	-1,012	0
Foreign currency translation adjustment	-78	29
Change in tax provisions in respect of previous years	5	381
Current tax	-3,889	-3,556
Tax paid	2,324	5,555
Income tax as at 31 December	**-948**	**702**
To be recognised as follows:		
Income tax receivable	308	702
Income tax payable	-1,256	0
Total income tax	**-948**	**702**

Notes – group

26. Contingent liabilities	31.12.10	31.12.09
	DKK '000	DKK '000
Usual guarantees concerning contract work in progress and completed contract work:		
Guarantees with Danske Bank	230	67,438
Pension obligation in divested activity	0	25,882

Usual guarantees have been furnished in connection with the divestment of undertakings and activities in 2010.

As a result of the group's ordinary operations, the group is regularly party to warranty, complaints and product liability cases concerning the products supplied. The possible financial net liabilities are assessed on a regular basis, and separate provisions are made based on the management's careful assessment of the financial liabilities attaching to the individual cases.

At the end of 2010, pending warranty, complaints and product liability cases are in the process of being settled amicably, and no cases have been brought before the courts.

27. Security

	31.12.10	31.12.09
In respect of lease debt of	118,689	143,359
security has been provided in:		
Land and buildings with a carrying amount of	101,266	105,639
Plant and machinery with carrying amount of	23,059	40,377
Other plant, fixtures and fittings, tools and equipment as well as assets under construction with a carrying amount of	0	299
In respect of mortgage debt of	7,627	7,154
security has been provided in:		
Land and buildings with a carrying amount of	2,337	2,505
Current assets with a carrying amount of	16,200	14,340

In respect of debt to credit institutions of DKK 74,875k, security has been provided in the form of a company charge in the subsidiary Dantherm Air Handling A/S of a maximum of DKK 75,000k.

	31.12.10	31.12.09
In respect of debt to the Danish state, security has been provided in cash and cash equivalents at a carrying amount of	421	470

The following security has been furnished in respect of discontinuing operations:
Mortgage deeds secured on land and buildings with a carrying amount of DKK 21,000k in security of debt with a carrying amount of DKK 21,350k.
Transfer of earn-out payment in respect of activities as security for debt with a carrying amount of DKK 10,180k.

28. Contractual obligations

	31.12.10	31.12.09
Operating lease payments and leases comprise:		
0-1 year	5,681	15,940
1-5 years	4,782	20,431
After 5 years	0	2,478
Total contractual obligations	**10,463**	**38,849**
Operating leases and leases recognised in the income statement	6,000	18,277

Notes – group

29. Cash and cash equivalents and short-term bank debt	**31.12.10**	**31.12.09**
	DKK '000	DKK '000
Bank deposit etc.	14,326	51,049
Cash and cash equivalents as at 31 December	**14,326**	**51,049**
Short-term payables to credit institutions	87,370	249,163
Of which short-term part of leasing and credit institutions	-12,495	-40,582
Short-term bank debt as at 31 December	**74,875**	**208,581**

30. Discontinuing and discontinued operations

Discontinuing and discontinued operations in 2010 comprise the following undertakings, stating period of ownership:

- Dantherm Power A/S (1 January – 18 January 2010)
- Dantherm Filtration group except for Dantherm Filtration SAS (1 January – 30 April 2010)
- Danamics ApS (1 January – 1 June 2010)
- Dantherm Filtration SAS (1 January - 22 September 2010)
- Dantherm Air Handling Pte. Ltd. (1 January – 4 December 2010)
- T&O Stelectric A/S (1 January – 31 December 2010)

Due to the cessation of the Dantherm group's controlling influence, Dantherm Power A/S will be recognised as an associate from 18 January 2010. The activities in T&O Stelectric A/S were sold with effect from 15 November 2010. The company has not been divested, and the remaining assets and liabilities are recognised in the balance sheet under assets held for sale and liabilities in respect of assets held for sale.

The annual report for 2010 and the comparative figures have been restated and presented in accordance with IFRS 5. Please refer to the management's review and the financial review for further details about the transactions.

	2010	**2009**
	DKK '000	DKK '000
Revenue	306,909	908,900
Costs	-329,643	-1,078,272
Profit/loss before tax	**-22,734**	**-169,372**
Tax on profit/loss for the year	-2,047	-12,119
Value adjustments after tax in connection with classification as discontinuing	-2,041	0
Net profit after tax in connection with divestments	24,877	0
Net profit/loss for the year from discontinuing operations	**-1,945**	**-181,491**
Cash flows from operating activities	-901	41,881
Cash flows from investing activities	-1,128	-40,872
Cash flows from financing activities	-2,397	-4,231
Cash flows from divestments incl. payables to credit institutions and cash and cash equivalents	172,065	0
Total cash flows from discontinuing operations	**167,639**	**-3,222**
Cash sales proceeds received	146,574	0
Cash and cash equivalents in divested companies	39,285	0
Cash flow classified as investing activity	**107.289**	**0**
Cash flow classified as discontinuing operation	**60.350**	**-55,461**
Intangible assets	0	26,119
Property, plant and equipment	20,999	2,242
Other non-current assets	0	65
Inventories	0	4,544
Receivables	2,522	1,390
Securities and cash and cash equivalents	479	157
Total assets held for sale	**24,000**	**34,517**
Credit institutions	21,351	0
Other liabilities	2,876	11,117
Total liabilities in respect of assets held for sale	**24,227**	**11,117**
Earnings per share from discontinuing operations in DKK	-0.3	-25.5
Diluted earnings per share from discontinuing operations in DKK	-0.3	-25.5

Notes – group

31. Financial risks and instruments

Risk management policy of the Dantherm group

As a result of its business activities, the results, debt and equity of the Dantherm group are impacted by a number of financial risks – mainly risks concerning changes in exchange rates and interest rate levels. It is group policy to identify and hedge all significant financial risks in an expedient way and not to engage in active speculation in financial risks. Thus, the group's financial management is only aimed at managing financial risks stemming directly from the operations and financing of the group.

For a description of accounting policies and methods applied, including the recognition criteria and basis of measurement, reference is made to the section on accounting policies.

Currency risks

It is group policy to hedge all significant commercial currency risks arising from foreign currency contracts where the cash flow can be predicted with sufficient accuracy. The Danish consolidated enterprises' exposure in EUR is not hedged due to Denmark's fixed-rate policy vis-à-vis the EUR. Translation risks in relation to the valuation of foreign net investments are generally not hedged. Targeted efforts are being made to capitalise the foreign subsidiaries in order to reduce the translation risk. At regular intervals, the group's management considers whether loans need to be arranged for balancing larger net investments where the interest on the currency in question is lower than the interest on DKK.

As a result of the group's international activities, developments in exchange rates between DKK and the various reporting currencies of the group companies are important for the operating profit/loss as measured in DKK. The total net liability in currencies other than DKK and EUR has been reduced from DKK 54m at the end of 2009 to DKK 2m at the end of 2010.

The currency risks faced by the group are mainly hedged by income and expenses being incurred in the same currency. The group's foreign enterprises are not materially influenced by exchange rate fluctuations as both income and expenses are settled in local currencies.

The currency risks faced by the group in the balance sheet

31 December 2010

DKK '000

Currency	Securities and cash and cash equivalents	Receivables	Payables	Net position
USD	4,967	18,182	-14,471	8,678
GBP	0	1,804	-3,893	-2,089
SEK	8	1,432	-10,308	-8,868
NOK	1,571	8,262	-14,981	-5,148
EUR	119	42,237	-9,992	32,364
PLN	517	1,264	-1,079	702
CNY	7,092	12,711	-14,946	4,857
Other	2	0	0	2
Total	**14,276**	**85,892**	**-69,670**	**30,498**

31 December 2009

DKK '000

Currency	Securities and cash and cash equivalents	Receivables	Payables	Net position
USD	8,162	25,424	-74,394	-40,808
GBP	2,307	14,287	-12,123	4,471
SEK	31	10,417	-20,275	-9,827
NOK	1,741	5,753	-12,076	-4,582
EUR	14,468	158,579	-202,754	-29,707
PLN	529	4,966	-6,658	-1,163
CNY	20,972	32,487	-30,279	23,180
CHF	3	0	-25,960	-25,957
THB	2,354	4,611	-6,629	336
Other	432	614	-606	440
Total	**50,999**	**257,138**	**-391,754**	**-83,617**

Notes – group

31. Financial risks and instruments – continued

The consolidated income statement is influenced by changes in the exchange rates as the results of the foreign group enterprises are translated into Danish kroner on the basis of average exchange rates in the course of the year.

As regards investments in foreign units, the group's equity as at 31 December 2010 would be reduced by DKK 5.4m (2009: DKK 26.3m) if all exchange rates were 10% lower than the actual rate.

Interest rate risks

It is group policy to hedge interest rate risks on the group's loans when it is deemed that interest payments can be hedged satisfactorily. Hedging is done by entering into interest rate swaps where floating-interest loans are converted into fixed-interest loans or by raising fixed-interest loans.

The management regularly assesses the expediency of entering into agreements fully or partly hedging the interest rate risk.

The subsidiary Dantherm Air Handling A/S has entered into interest rate swaps for hedging the floating interest rate on loans in DKK at a total value of DKK 105,207k (2009: DKK 110,548k). The fair value of the interest rate swaps outstanding at the balance sheet date for hedging the interest rate risk of floating-interest loans amounted to DKK -7,418k (2009: DKK -4,737k).

In order to limit the interest rate risk, it is the management's aim that between 50% and 75% of the group's interest-bearing debt should be in the form of fixed-interest loans. At the end of 2010, the fixed-rate portion amounted to 56% against 36% at the end of 2009. The difference is primarily due to divestments made.

All other things being equal, an increase in interest rate levels of 1% per year relative to the interest rate level at the balance sheet date would have had a negative impact on the results and equity of approx. DKK 1m. A fall in interest rate levels would have had a corresponding positive impact.

		Effective interest rate		Carrying amount	
Loan/maturity	**Fixed/floating**	**31.12.10**	**31.12.09**	**31.12.10**	**31.12.09**
DKK	Fast	4-5%	4-6%	105,217	116,767
DKK	Floating	4-6%	3-6%	65,478	229,599
EUR	Fixed	3-6%	3-6%	0	37,468
EUR	Floating	5-6%	3-5%	1,815	20,212
USD	Fixed	6-7%	6-7%	0	14,574
USD	Floating	5-6%	3-5%	10,251	43,201
GBP	Fast	3-4%	3-4%	0	3,219
GBP	Floating	5-6%	3-4%	2,446	6
SEK	Fixed	3-4%	3-4%	0	6,459
SEK	Floating	5-6%	3-5%	8,239	3,997
CHF	Floating	3-4%	3-4%	0	25,960
Other	Fixed	4-7%	3-6%	7,627	7,521
Other	Floating	5-6%	4-6%	118	1,150
Total				**201,191**	**510,133**

Liquidity risks

In connection with the raising of loans, it is group policy to ensure the greatest possible flexibility through a spreading of the loans in terms of date of maturity/renegotiation and counterparts while taking pricing into account. The group's cash reserves consist of cash and cash equivalents and undrawn credit facilities. The group aims at having adequate cash resources to be able to continue to make expedient arrangements in case of unforeseen fluctuations in liquidity.

In March 2010, Dantherm entered into a new credit agreement with the group's primary credit institutions. The agreement runs until May 2012 after which it will be renegotiated.

In return for the credit agreement, the group's primary credit institutions have demanded additional security, increased margins and higher fees.

At the end of 2010, the group had unutilised cash reserves of DKK 59m under the new credit agreement. At the end of 2009, the group had unutilised cash reserves of DKK 121m under the agreements applicable at the time.

Notes – group

31. Financial risks and instruments – continued

Credit risks

The credit risks of the group concern receivables and cash. The maximum credit risk relating to financial assets corresponds to the amounts recognised in the balance sheet.

The group has no material risks relating to individual customers or collaboration partners. The group's policy for the assumption of credit risks involves the ongoing credit rating of all major customers and other collaboration partners.

The geographical distribution of the net value of trade receivables is as follows:

	31.12.10	31.12.09
Denmark	7,159	19,737
EU	41,816	140,899
USA	3,345	16,996
Asia	16,736	26,536
Other countries	7,671	9,717
Total	**76,727**	**213,885**

Of the total debtor balance as at 31 December 2010, 54% is insured against losses (2009: 52%).

Trade receivables are distributed as follows in terms of maturities:

Not falling due	70,542	161,950
Falling due after 0-1 month	4,248	24,021
Falling due after 1-2 months	1,263	14,349
Falling due after 3 months or more	674	13,565
Total	**76,727**	**213,885**

32. Related parties

Dantherm A/S does not have any related parties with a controlling influence. Related parties with a substantial influence comprise the company's Board of Directors and Board of Executives as well as members of their families.

Furthermore, related parties comprise the group enterprises and associates included in the group chart on page 4.

Transactions between related parties comprise loan balances and interest thereon, the purchase and sale of goods and services, management fees and remuneration for the Board of Directors and Board of Executives.

The remuneration for the Board of Directors and Board of Executives appears from note 5. Transactions with group enterprises have been eliminated in the consolidated financial statements. Transactions with associates comprise the sale of goods and services of DKK 5.0m as well as receivables and debt as described in notes 17 and 24.

All transactions are carried out at arm's length.

33. Events occurring after the balance sheet date

No important events have occurred after the balance sheet date.

Contents – Financial statements of the parent, Dantherm A/S

Income statement – parent

	Note	2010 DKK '000	2009 DKK '000
Revenue	3	40,525	**59,500**
Other external expenses	4	-6,540	-6,930
Staff costs	4	-7,528	-9,570
Profit before depreciation, amortisation, impairment losses and write-downs (EBITDA)		**26,457**	**43,000**
Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment and intangible assets	9, 10	-553	-487
Special items	5	-21,118	-272,191
Operating profit/loss (EBIT)		**4,786**	**-229,678**
Financial income	6	214	2,618
Financial expenses	7	-9,776	-13,640
Profit/loss before tax		**-4,776**	**-240,700**
Tax on profit/loss for the year	8	1,961	0
NET PROFIT/(LOSS) FOR THE YEAR		**-2,815**	**-240,700**
Proposed appropriation account			
Retained earnings		-2,815	-240,700
		-2,815	**-240,700**

Assets – parent

	Note	31.12.10 DKK '000	31.12.09 DKK '000
Non-current assets			
Intangible assets			
Patents and licences	9	0	0
Total intangible assets		**0**	**0**
Property, plant and equipment			
Other plant, fixtures and fittings, tools and equipment	10	268	387
Leasehold improvements	10	413	847
Total property, plant and equipment		**681**	**1,234**
Other non-current assets			
Investments in subsidiaries	11	269,527	403,477
Investments in associates	11	0	0
Other securities and investments	11	26	26
Total other non-current assets		**269,553**	**403,503**
Total non-current assets		**270,234**	**404,737**
Current assets			
Deferred tax	14	0	0
Receivables	12	3,129	4,275
Income tax receivable		0	14
Cash		1	1
Total current assets		**3,130**	**4,290**
TOTAL ASSETS		**273,364**	**409,027**

Equity and liabilities – parent

	Note	31.12.10 DKK '000	31.12.09 DKK '000
Equity			
Share capital	13	359,528	359,528
Retained earnings		-146,141	-143,326
Total equity		**213,387**	**216,202**
Liabilities			
Non-current liabilities			
Credit institutions	15	0	44,912
Total non-current liabilities		**0**	**44,912**
Current liabilities			
Credit institutions	15	39,383	89,330
Trade payables and other payables	16	20,594	56,996
Income tax payable		0	1,587
Total current liabilities		**59,977**	**147,913**
Total liabilities		**59,977**	**192,825**
TOTAL EQUITY AND LIABILITIES		**273,364**	**409,027**
Contingent liabilities	17		
Contractual obligations	18		
Related parties	19		

Statement of changes in equity – parent

DKK '000	Share capital	Retained earnings	Total
Equity as at 1 January 2009	**359,528**	**97,374**	**456,902**
Changes in equity in 2009			
Net profit/loss for the year	0	-240,700	-240,700
Comprehensive income	**0**	**-240,700**	**-240,700**
Total changes in equity in 2009	**0**	**-240,700**	**-240,700**
Equity as at 31 December 2009	**359,528**	**-143,326**	**216,202**
Equity as at 1 January 2010	**359,528**	**-143,326**	**216,202**
Changes in equity in 2010			
Net profit/loss for the year	0	-2,815	-2,815
Comprehensive income	**0**	**-2,815**	**-2,815**
Total changes in equity in 2010	**0**	**-2,815**	**-2,815**
Equity as at 31 December 2010	**359,528**	**-146,141**	**213,387**

Cash flow statement – parent

	Note	2010 DKK '000	2009 DKK '000
Profit/loss before tax		**-4,776**	**-240,700**
Adjustment for non-cash operating items etc.			
Depreciation, amortisation, impairment losses and write-downs		553	487
Special items		21,118	203,355
Financial income		-214	-2,618
Financial expenses		9,776	13,640
Cash flow from primary operations before change in working capital		**26,457**	**-25,836**
Change in receivables		1,160	238
Change in trade payables etc.		4,128	-2,393
Cash flow from primary operations		**31,745**	**-27,991**
Interest income received		214	2,618
Interest expenses paid		-9,776	-13,590
Cash flow from ordinary operations		**22,183**	**-38,963**
Income tax paid		374	1,424
Cash flow from operating activities		**22,557**	**-37,539**
Purchase of property, plant and equipment		-0	-11
Divestment of subsidiaries		127,861	0
Investment in subsidiaries		-7,029	0
Investment in associates		-8,000	0
Cash flow from investing activities		**112,832**	**-11**
Loan financing:			
Repayment of non-current liabilities		-56,726	-11,503
Change in intercompany accounts with group enterprises		40,530	839
Cash flow from financing activities		**-85,442**	**-10,664**
Cash flow for the year		**38,133**	**-48,214**
Cash and cash equivalents, beginning of year		-77,515	-29,301
Cash and cash equivalents, end of year		**-39,382**	**-77,515**
Cash at the end of the year comprises:			
Cash		1	1
Short-term bank debt		-39,383	-77,516
Cash and cash equivalents, end of year		**-39,382**	**-77,515**

1. Accounting policies of the parent

The financial statements of the parent are prepared in accordance with the requirements of the Danish Financial Statements Actfor the preparation of financial statements of parents.

The 2010 annual report of the parent has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. NASDAQ OMX Copenhagen's disclosure requirements for annual reports of listed companies and the executive order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The accounting policies have been applied consistently with last year.

Accounting policies

In relation to the accounting policies applied in the consolidated financial statements, the accounting policies of the parent only deviate in the following respects:

Revenue

Dividend from investments in subsidiaries and associates is recognised as income in the income statement of the parent in the financial year in which the dividend is declared. To the extent that distributed dividend exceeds the accumulated earnings after the date of acquisition, the dividend is, however, not recognised as income in the income statement, but is recognised as a reduction in the cost of the investment.

Furthermore, interest income from any equity-like loans granted to subsidiaries is included in revenue with the amount concerning the financial year. Revenue also comprises collected management fees from the subsidiaries of the parent.

Special items

Special items comprise significant one-off items which have typically not occurred in previous years and which are not expected to occur in the coming financial years, and/or items of a special nature which differ from the ordinary operations of the parent.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. If there is any indication of impairment, an impairment test is carried out as described in the consolidated financial statements. If the cost exceeds the recoverable amount, impairment is made to this lower value.

The cost is reduced by the dividend received which exceeds the accumulated earnings after the date of acquisition.

New accounting regulation

Reference is made to page 38 in the consolidated financial statements. New financial standard has been implemented to the extent relevant for the parent.

2. Accounting estimates and assessments of the parent

In the calculation of the carrying amount of certain assets and liabilities, an estimate must be made as to how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates which are important to the financial reporting of the parent are, e.g., made when determining the need for impairment of investments in subsidiaries and associates.

The estimates made are based on assumptions deemed reasonable by the management, but which are, naturally, uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is affected by risks and uncertainties which may lead to the actual results deviating from the estimates. Special risks to the Dantherm group are mentioned in note 31 of the consolidated financial statements.

The notes contain information about future assumptions and other uncertain estimates at the balance sheet date where there is a considerable risk of changes which may result in a significant adjustment of the carrying amounts of assets or liabilities within the next financial year.

The management estimates that the application of the parent's accounting policies does not entail any assessments in addition to estimates which may have a significant impact on the amounts recognised in the annual report.

Notes – parent

		2010 DKK ’000	2009 DKK ’000
3. Revenue			
	Dividend received	35,000	50,000
	Management fee	5,525	9,500
	Total revenue	**40,525**	**59,500**
4. Costs			
	Fee for auditors appointed by the general meeting		
	Total fee for Beierholm	417	750
	Total fee for auditors appointed by the general meeting	**417**	**750**
	This can be specified as follows:		
	Audit	250	300
	Tax and VAT consultancy services	50	97
	Non-audit services	117	353
	Total	**417**	**750**
	Staff costs		
	Wages and salaries	11,716	8,791
	Wages and salaries in respect of special items	-4,646	0
	Defined-contribution plans	406	725
	Other social security expenses	52	54
	Total staff costs	**7,528**	**9,570**
	Average number of employees	6	7
	Remuneration for the Board of Directors and Board of Executives		
	Board of Directors of the parent	1,519	2,429
	Board of Executives of the parent	7,195	6,035
	Total remuneration for the Board of Directors and Board of Executives	**8,714**	**8,464**

The remuneration paid to the Board of Executives of the parent includes pension contributions of DKK 127k (2009: DKK 3,445k).
The Board of Directors is remunerated for the work performed only.

A description of the remuneration for the Board of Executives is included in note 5 of the consolidated financial statements.

		2010 DKK ’000	2009 DKK ’000
5. Special items			
	Gains on the divestment of subsidiary and sale of investments	-19,011	0
	Loss on the divestment of subsidiary and sale of investments	0	99,356
	Loss on sale of receivable	2,600	0
	Impairment of subsidiary	4,429	168,455
	Impairment of associates	33,100	0
	Staff costs in respect of restructuring	0	3,200
	Other capacity costs in respect of restructuring	0	1,180
	Total special items	**21,118**	**272,191**

Special items for 2009 included pension payments for the former Board of Executives of DKK 3,200k.

Notes – parent

	2010 DKK ’000	2009 DKK ’000
6. Financial income		
Interest income from group enterprises	146	1,042
Other interest income	68	0
Foreign exchange gains	0	1,576
Total financial income	**214**	**2,618**
7. Financial expenses		
Interest expenses for group enterprises	688	2,018
Other interest expenses	7,325	11,572
Market value adjustments and capital losses on securities	1,763	50
Total financial expenses	**9,776**	**13,640**
8. Tax		
Current tax for the year comprises:		
Current tax for the year	0	0
Adjustment of deferred tax	-1,883	0
Adjustment of tax in respect of previous years	-78	0
Total	**-1,961**	**0**
Tax on profit/loss for the year comprises:		
Profit/loss before tax	-4,776	-240,700
Tax rate	25%	25%
Calculated tax on profit/loss before tax	-1,194	-60,175
Tax on non-taxable income	-8,750	-12,500
Tax on value adjustment for accounting purposes and loss from the disposal of an activity	5,280	66,953
Tax on non-deductible costs etc.	0	-492
Tax loss which is not recognised	4,665	6,214
Changed assessment of tax assets	1,884	0
Adjustment of tax in respect of previous years	-78	0
Total	**-1,961**	**0**
Effective tax rate	41%	0%
9. Intangible assets		
Patents and licences	**31.12.10**	**31.12.09**
	DKK ’000	DKK ’000
Cost as at 1 January	282	282
Cost as at 31 December	**282**	**282**
Amortisation and impairment losses as at 1 January	282	236
Amortisation	0	46
Amortisation and impairment losses as at 31 December	**282**	**282**
Carrying amount as at 31 December	**0**	**0**

Notes – parent

	31.12.10	31.12.09
	DKK '000	DKK '000
10. Property, plant and equipment		
Other plant, fixtures and fittings, tools and equipment		
Cost as at 1 January	1,275	1,275
Additions	0	0
Cost as at 31 December	**1,275**	**1,275**
Depreciation and impairment losses as at 1 January	888	765
Depreciation	119	123
Depreciation and impairment losses as at 31 December	**1,007**	**888**
Carrying amount as at 31 December	**268**	**387**
Leasehold improvements		
Cost as at 1 January	1,590	1,579
Additions	0	11
Cost as at 31 December	**1,590**	**1,590**
Depreciation and impairment losses as at 1 January	743	425
Depreciation	434	318
Depreciation and impairment losses as at 31 December	**1,177**	**743**
Carrying amount as at 31 December	**413**	**847**

11. Financial assets

DKK '000	Investments in group enterprises	Investments in associates	Other securities and investments
Cost as at 1 January 2009	665,828	0	53
Additions	61,733	0	0
Cost as at 31 December 2009	**727,561**	**0**	**53**
Value adjustments as at 1 January 2009	-58,996	0	-27
Value adjustments during the year	-265,088	0	0
Value adjustments as at 31 December 2009	**-324,084**	**0**	**-27**
Carrying amount as at 31 December 2009	**403,477**	**0**	**26**
Cost as at 1 January 2010	727,561	0	53
Additions	7,029	8,000	0
Reclassification	-121,733	121,733	0
Disposals	-108,849	0	0
Cost as at 31 December 2010	**504,008**	**129,733**	**53**
Value adjustments as at 1 January 2010	-324,084	0	-27
Value adjustments during the year	-7,030	-33,100	0
Reclassification	96,633	-96,633	0
Disposals	0	0	0
Value adjustments as at 31 December 2010	**-234,481**	**-129,733**	**-27**
Carrying amount as at 31 December 2010	**269,527**	**0**	**26**

The cost of investments in subsidiaries has been tested for impairment in connection with the end of the 2009 and 2010 financial years.

Comment on the 2009 comparative figures:
In connection with the end of the 2009 financial year, it was concluded that the recoverable amount of some of the group's enterprises is lower than the original cost of the parent. Consequently, significant impairment losses have been recognised in the parent. These impairment losses do not impact the consolidated financial statements.

Notes – parent

Name	Registered office	Ownership interest 2010	Ownership interest 2009
Subsidiaries:			
ERO A/S	Skive, Denmark	100%	100%
Dantherm Air Handling Holding A/S	Skive, Denmark	100%	100%
Dantherm Filtration Holding A/S	Mariager, Denmark	0%	100%
Associates:			
Dantherm Power A/S	Hobro, Denmark	38%	100%

12. Receivables

	31.12.10 DKK '000	31.12.09 DKK '000
Receivables from group enterprises	2,963	4,093
Other receivables	166	182
Total receivables	**3,129**	**4,275**

13. Share capital

	Number of shares		Nominal value (DKK '000)	
	2010	2009	2010	
1 January	7,190,574	7,190,574	359,528	359,528
31 December	**7,190,574**	**7,190,574**	**359,528**	**359,528**

The share capital consists of 7,190,574 shares with a nominal value of DKK 50 each. The shares are not divided into classes.

Treasury shares

	Number of shares		Nominal value (DKK '000)	
	2010	2009	2010	2009
1 January	80,526	80,526	4,026	4,026
31 December	**80,526**	**80,526**	**4,026**	**4,026**
Treasury shares' share of the share capital	**1.1%**	**1.1%**		

Dantherm A/S has been authorised by the general meeting to let the company buy treasury shares up to a total nominal value of 10% of the share capital. The consideration paid must not deviate by more than 10% from the currently listed share price at the time of purchase. This authorisation is valid until the next annual general meeting to be held on 13 April 2011.
No treasury shares were traded in 2009 and 2010.

14. Deferred tax

	31.12.10 DKK '000	31.12.09 DKK '000
Deferred tax as at 1 January	0	-1,644
Group refund	0	1,438
Reclassification	0	206
Deferred tax as at 31 December, net	**0**	**0**

Notes – parent

15. Payables to credit institutions	31.12.10	31.12.09
	DKK '000	DKK '000
Payables to credit institutions are recognised as follows:		
Long-term payables	0	44,912
Short-term payables	39,383	89,330
Total payables to credit institutions	**39,383**	**134,242**
Falling due after five years:	**0**	**0**
Of payables to credit institutions, short-term bank debt totals	**39,383**	**77,516**
Fair value of payables to credit institutions	**39,383**	**134,242**

Risk management policy of the parent
As a result of its operations, investments and financing, the parent is exposed to changes in interest rate levels. It is parent policy to identify and hedge all significant financial risks in an expedient way and not to engage in active speculation in financial risks.

Currency risks
The parent is not exposed to any currency risks in relation to loans as these are all arranged in DKK.

Interest rate risks
The parent's bank financing consists of floating-rate loans. This involves a risk of interest payments being changed, both in the short and in the long term. The company regularly assesses the expediency of entering into agreements to fully or partly hedge such interest rate risk.

		Effective interest rate		Carrying amount	
Loan/maturity	**Fixed/floating**	**2010**	**2009**	**2010**	**2009**
DKK	Floating	5-6%	4-6%	39,383	102,516
EUR	Floating	N/A	4-5%	0	5,766
CHF	Floating	N/A	3-4%	0	25,960
Total				**39,383**	**134,242**

The carrying amount corresponds to the fair value of all loans.

Credit risks
The parent's credit risks pertain primarily to receivables from subsidiaries, which risks are not hedged.

	31.12.10	31.12.09
16. Trade payables and other payables	DKK '000	DKK '000
Payables to group enterprises	5,584	46,544
Payables to associates	430	0
Trade payables	6,136	1,335
Other payables	8,444	9,117
Total trade payables and other payables	**20,594**	**56,996**

Notes – parent

17. Contingent liabilities

The parent is jointly and severally liable with other group enterprises for the group's debt with the main banks which totals DKK 74,875k (2009: DKK 173,118k).

The parent has guaranteed the subsidiaries' balances with FIH which total DKK 105,234k (2009: DKK 179,435k).

The parent is jointly and severally liable with the jointly registered consolidated enterprises Dantherm Air Handling A/S, Dantherm Air Handling Holding A/S and ERO A/S for the total VAT commitment of DKK 3,068k.

The shares in Dantherm Air Handling Holding A/S have been pledged with the group's banks.

	31.12.10	31.12.09
18. Contractual obligations	DKK '000	DKK '000
Rent and operating lease payment obligations comprise:		
Next year	519	708
2-5 yrs	1,436	1,918
After 5 yrs	766	1,467
Total contractual obligations	**2,721**	**4,093**
Operating leases and leases recognised in the income statement	668	874

19. Related parties

See note 32 in the consolidated financial statements for a description of related parties.

The parent's balances with group enterprises are stated in note 12 and note 16 and carry floating market interest rates.

Transactions with associates comprise only joint taxation contributions, as can be seen from note 16.

Interest on balances with group enterprises is stated in note 6 and note 7.

The parent has received dividend of DKK 35,000k from subsidiaries.

A management fee of DKK 5,525k has been invoiced to the subsidiaries.

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