



Annual Report 2006

Abstract of DDH's Annual Report 2006

DDH

The Association



DDH – a unique organisation

DDH was founded more than 140 years ago with the aim of promoting the utilisation of the Danish heaths. In his efforts to achieve the company's objectives, the first director, E. M. Dalgas, accumulated considerable popular support, which ranged from the farmers on the heath to cash-rich industrial leaders in Copenhagen.

This popular support meant that from its very beginnings DDH assumed the character of an association. Members were recruited who paid subscriptions and received DDH's periodical in which they could read about the company's activities. Many of the members supported DDH actively by making capital available for the company's projects. DDH also functioned as a business enterprise that worked as a contractor and management operator within areas such as meadow irrigation and planting, both activities that furthered the company's objectives.

The basis was thus established for a company with a unique identity. DDH acted as both an association and

a business enterprise and in many respects had a lot in common with the cooperative movement – with the important difference that the company's members were not co-owners of the enterprise.

As the heaths were developed – and as society developed in general – DDH's objects clause was extended to include the solution of assignments related to the environment and natural resources. However, the development in the company's objectives and areas of activity did not have any effect on the company's basic identity, and indeed to this very day DDH is an association that is registered as a business foundation.

In order to achieve a clearer and simpler profile, DDH took the decision in 2006 to split up the association and the business enterprise. More specifically, the business enterprise, which represents the commercial side of DDH's activities, is now run via the company Dalgasgroup A/S, which owns, either in whole or in part, a number of companies operating within the areas of nature, energy and the environment. DDH's capital interests and investments in forest and rural properties are also the responsibility of Dalgasgroup A/S.

The association still exists in the best of health and has retained the name DDH. The association has around 3000 members who all have an interest in nature and the environment. A considerable number of the members are involved in various ways in the management of our environment and natural resources. This applies not only to farmers and forest owners, but also to people working with nature and the environment in private sector enterprises, associations and public authorities.

At DDH we believe that it is possible to create methods and technologies that unite society's interest in generating economic growth whilst at the same time conserving our environment and natural resources. We therefore regard it as DDH's primary task to make a significant contribution to development within the areas of nature and the environment both in Denmark and abroad.

Patron for DDH

Her Majesty
Queen Margrethe II



Preface

Globalisation has really gathered pace during the last few years and is both posing new challenges and opening up new possibilities for our society. Changes in the market often result in pressure on companies to adapt and respond to the new market conditions, in addition to which companies can gain more immediate access to the global market with new products and services. Globalisation also has an influence on public authorities and institutions, which have an important role to play with regard to the ability of our society to adapt to global changes. A topical example is the environmental challenges that are a result of the fact that global growth is now leading to climate changes that have consequences for us all.

This development is the basis for DDH's strategy, which continuously trims the company to be ready to rapidly meet new challenges and at the same time exploit the new opportunities on the global market. As can be seen in the management's report in this year's annual report, the strategy is built up around three central pillars – Earnings, Investment and Innovation.

The strategy has resulted in a number of business areas being sold off, and the remaining core activities being organised into independent subsidiaries or associated companies. These companies have been established with a solid capital base and strong and capable management, thus ensuring carefully targeted strategies and the ability to respond to developments on the market.

At the same time, 2006 has seen DDH implement a branding strategy that differentiates the association from the commercial activities in the company. This strategy strengthens the market position of the subsidi-

aries and boosts the chances of attracting new employees.

It is positive that this focus is now proving its worth in relation to the strategy's first pillar, Earnings, as evidenced by the fact that for 2006 DDH can present a satisfactory economic result.

This thus creates the organisational and economic scope to invest in DDH's continued development.

Society is trying to unite economic growth with sustainable handling of the environment and natural resources. DDH plans to contribute to this through systematic and long-term innovation in the areas of nature, environment and energy. At the same time, the long-term innovation effort is a supplement to the innovation that is already taking place in connection with DDH's commercial activities.

In many ways 2006 was a watershed year for DDH. During the year the company has been able to present significant results on the basis of several years of strategically focused efforts. DDH's organisation is in good shape and a solid capital base has been established for the continued development of the company. Along with the great commitment displayed by all employees in DDH's companies, this means that we are well equipped to continue the positive development currently being enjoyed by the company.



Ove Kloch
Managing Director
Group Managing Director

Main Figures and Key Figures



Main figures (million)	2006 Euro	2006 DKK	2005 DKK	2004 DKK
Net turnover	175.6	1,309.9	1,444.1	1,223.8
Profit/loss on primary operations	3.3	24.3	16.3	9.9
Profit/loss on capital holdings	2.6	19.7	3.4	-3.7
Financial items	-1.3	-9.5	-8.3	-2.2
Profit/loss before tax	4.6	34.5	11.4	4.0
Tax on year's result	-1.5	-10.8	-8.6	-3.6
Minority interests' share	0.0	-0.3	-0.5	0.7
Profit/loss for the financial year	3.1	23.4	2.3	1.1
Fixed assets	102.0	760.6	692.6	717.8
Current assets	69.4	517.7	570.8	584.2
Total assets	171.4	1,278.3	1,263.4	1,302.0
Initial capital	0.0	0.3	0.3	0.3
Equity capital	83.4	621.5	565.0	558.4
Minority interests' share	1.9	13.9	3.4	-1.4
Provisions	3.8	28.5	21.0	15.2
Long-term debt	18.9	141.2	143.9	155.4
Short-term debt	63.4	473.2	530.1	574.5
Total liabilities	171.4	1,278.3	1,263.4	1,302.0
Cash flow generated by operations	12.1	90.3	81.5	44.4
Cash flow for investment, net	-7.5	-55.6	-3.2	-40.6
Of which for investment in tangible fixed assets	-4.8	-35.6	-24.9	-32.9
Cash flow generated by financing	-4.1	-30.9	-70.5	7.4
Total cash flow	0.5	3.8	7.8	11.2

Key figures

Profit ratio	1.8	1.8	1.1	0.8
Return on investment	2.0	2.0	1.3	0.8
Solvency ratio	48.6	48.6	44.7	42.9
Return on equity	3.9	3.9	0.5	0.1

Development of equity capital (million)

Equity capital at start of year	75.7	565.0	558.4	524.4
Profit/loss for the financial year	3.1	23.4	2.3	1.1
Changes in accounting policy	-	-	-	-
Exchange rate equalisations concerning foreign companies	0.1	-0.6	4.6	1.7
Year's revaluation of property	-	-	-	27.2
Year's value regulation in associated companies	4.5	33.7	-	-
Other regulations	-	-	-0.3	4.0
Equity capital at close of year	83.4	621.5	565.0	558.4

Employees

Average number of employees		1,078	1,063	1,025
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Management

Executive Committee



Peter Skak Olufsen
Chairman



Frants Bernstorff-Gyldensteen
Vice Chairman



Aleksander Aagaard



Kresten Philipsen



Svend Aage Linde



Peter Høstgaard-Jensen



Jens Ejner Christensen
Appointed by the Danish Farmers Association



Jørgen Lykkemark
Appointed by the Danish Farmers Assc., Family Farmers Section



Flemming Berg
Elected by the employees



Tove Nyegaard
Elected by the employees



Karl Gustav Pedersen
Elected by the employees



Jens Erik Engel
Elected by the employees

Executive Management

Ove Kloch
Managing Director, Group Managing Director

Management



Ove Kloch
Managing Director, Group Managing Director



Bent Simonsen
Group Financial Director

Annual General Meeting

The Committee of Representatives' annual general meeting will be held on 23th April 2007 in Bredsten.

Group Overview



DDH's membership circle

DDH has some 3000 members representing a wide range of decision-makers and professionals in Danish society. The members all have an interest in nature and the environment, and the membership circle consists of forest owners, farmers, decision-makers and employees in private companies as well as in municipal technical and environmental departments, the regions and national environment centres. The membership circle also includes students, teachers and researchers at the country's educational institutions.

Every three years the members have the opportunity to vote or stand for election to DDH's Committee of Representatives. In addition, all the members receive Vækst, DDH's Danish periodical, four times a year.

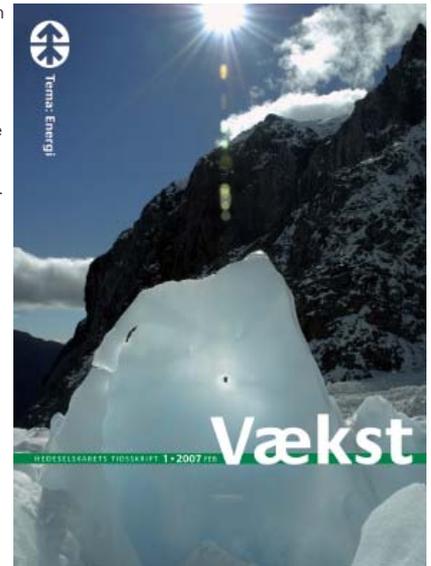
Objects clause

The aim of the company is to contribute at high professional and ethical standards to the solution of assignments related to the environment and natural resources both in Denmark and abroad.

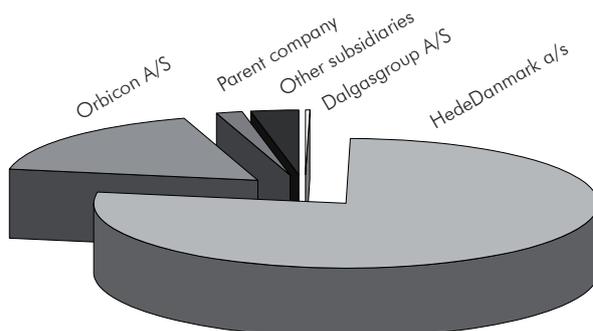
Vision

Through its activities, subsidiaries and associated companies, DDH's vision is to be the leader within its business areas in accordance with the association's objects clause – and thereby to make a significant contribution to development within nature and the environment both in Denmark and abroad.

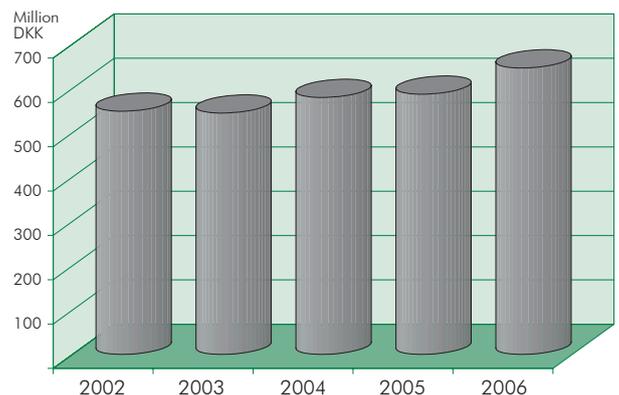
Vækst, DDH's Danish periodical, contains articles and analyses of political and technical issues that have an impact on nature and the environment.



Breakdown of turnover



Development of equity capital



Dalgroup A/S

Dalgroup A/S is responsible for the commercial side of DDH's activities. Dalgroup A/S is a group that operates in the long term with investments, innovation and business development in the areas of nature, environment and energy.

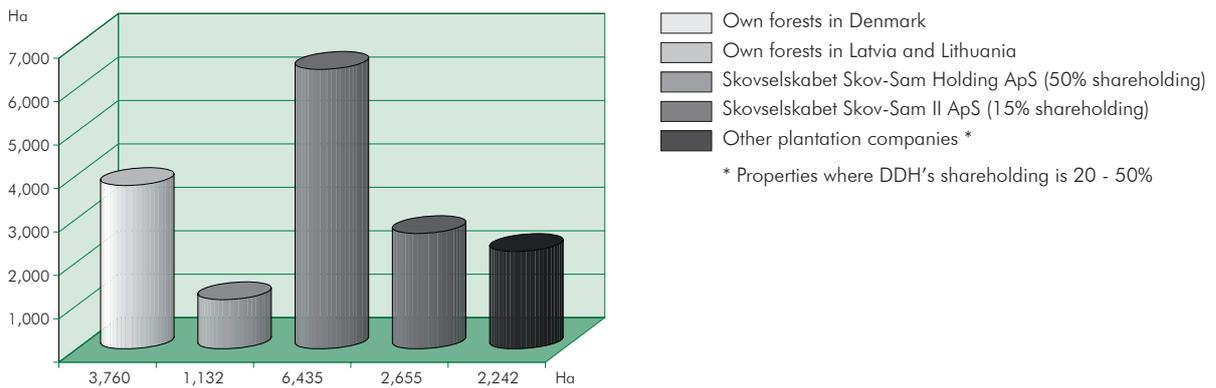
Subsidiaries and associated companies in Dalgroup A/S:

- HedeDanmark a/s (owned 100% by Dalgroup A/S)
- service and trade enterprise in the green area.
- Orbicon A/S (owned 100% by Dalgroup A/S)
- consultancy firm with focus on the environment, nature, technology, construction projects and the working environment.
- Hedeselskabet Sp. z o.o. (owned 100% by Dalgroup A/S)
- operates three energy plants based on landfill gas in Poland.
- Three Renewable Energy companies (owned 75% by DDH and 25% by the Investment Fund for Central and Eastern Europe)
- own three energy plants based on landfill gas in Poland.
- Xergi A/S (owned 50% by Dalgroup A/S and 50% by Aktieselskabet Schouw & Co.)
- supplier and management operator of energy and environmental plants.
- Silvatec Skovmaskiner A/S (owned 80% by AgromashHolding and 20% by Dalgroup A/S)
- sells and manufactures harvesters and self-propelled chippers.





DDH's ownership of forest and rural properties as of 31.12.2006



Investments in forest and rural properties

DDH owns forest properties in Denmark and the Baltic States, and the company thereby actively contributes to the development of the environment and natural resources within these forests.

DDH owns 3,760 hectares of forest properties in Denmark and 1,132 hectares in Latvia and Lithuania. DDH is also a co-owner of 29 forest and plantation companies in Denmark. 6 of these companies, in which DDH's shareholding is between 20 and 50%, are included as associated companies. For the remaining companies the shareholding is less than 20%.

In addition, DDH is also the co-owner of the Skov-Sam companies, which own 9,090 hectares of forest.

DDH has planted and owned forest since the com-

pany was founded more than 140 years ago. As was also the case at that time, today there are many good reasons for planting trees and investing in forest. Wood is an environmentally friendly material and a renewable resource, as well as being a CO₂-neutral energy source. The forests are home to a comprehensive and valuable biodiversity and they make up a significant part of our countryside and recreational areas. At an economic level, forests are also a good, safe, long-term investment.

DDH has taken a strategic decision to actively maintain the company's portfolio of rural and forest properties. In the years to come this will take place through the acquisition of properties in Denmark and abroad. DDH will thus continue to be a major forest owner in the future.



Management's Report

In 2006 DDH realised a profit of DKK 34.5 million before tax and minority interests, against DKK 11.4 million in 2005. Turnover was DKK 1,310 million in 2006.

In addition, in the associated Skov-Sam companies a revaluation of forest properties has been carried out. DDH has not entered this revaluation in the profit and loss account, but has entered it directly on the equity capital at a value of DKK 33.6 million.

The result has exceeded budget expectations. The Executive Committee regards the result for the year as satisfactory.

During the course of 2006 DDH has implemented a new branding strategy that aims to clearly differentiate the association's activities from the commercial activities in the company.

As a result of the new branding strategy, DDH's commercial activities will hereinafter come under the wing of the company Dalgasgroup A/S, which is owned 100% by DDH. The association's activities will continue under the auspices of DDH.

At the same time, the branding strategy has created the basis for a more effective profiling of the commercial activities in the subsidiaries. In 2006 this resulted in DDH Forest and Landscape A/S changing its name to HedeDanmark a/s and DDH Environment and Energy A/S being renamed Orbicon A/S.

Dalgasgroup A/S owns 100% of the shares in HedeDanmark a/s and Orbicon A/S. Dalgasgroup A/S is responsible for DDH's other capital interests and investments in companies, as well as for forest and rural properties.

The positive development in the company's results can primarily be attributed to:

- profits on the sale of property in the Skov-Sam companies and DDH
- that earnings in HedeDanmark a/s are satisfactory
- that earnings in Orbicon A/S are acceptable seen in relation to the market situation
- that the activities in the Silvatec companies have been future-proofed through the sale of 80% of the shares to AgromashHolding
- that the Polish landfill gas activities have stabilised and are now in a healthy state of business development.

Expectations

HedeDanmark a/s has a strong market position in its primary business areas, and the company expects to maintain and develop this market position.

Orbicon A/S expects a decline in the Danish environmental market in 2007, as decision-makers continue to focus on the structural reform of local government. In the longer term the company expects to achieve a positive development on this market. Within environmental services to the private sector a positive development is expected in 2007. Internationally there is a prospect of major development on the environmental markets in the new EU member states and it is a strategic goal for Orbicon A/S to establish a base on 1-2 of these new growth markets.

Owing to the current focus on climate change and reliability of supply in terms of energy, Xergi A/S expects a generally positive market development on markets with a satisfactory electricity price, including the German market in particular.

The Silvatec companies expect to be able to exploit the potential in the new collaboration with AgromashHolding in the years ahead.

At the strategic level, DDH will continue its strategy that is based on ensuring the necessary management focus on the commercial activities in subsidiaries and associated companies. DDH has further developed this strategy in 2006, and the strategy period that lies ahead will be based on three central elements or pillars - Earnings, Investments and Innovation.

The Earnings pillar aims to ensure in overall terms the basis for the commercial side of DDH's activities. The strategic objective is for DDH to achieve returns on its capital investments that are at least in line with market benchmarks. At the same time, the goal is to increase the profitability of DDH's subsidiaries.

Within the area of Investments it is DDH's strategy to invest in activities and forest and rural properties that support DDH's overall objectives. There has been a period in which the company has sold off a number of forest and rural properties. The company's goal is to continue to be a major forest owner and it will therefore once again expand its portfolio of forest and rural properties in the years to come. In addition, DDH will invest in activities that can help bolster the third major pillar in its strategy - Innovation.

The positive development in 2006 has provided organisational and economic scope for DDH to take a new important step towards fulfilling the association's objectives. The company has therefore decided to establish the Innovation pillar by commencing a systematic effort to create innovation in the areas of nature, energy and



the environment. This task will be discharged by Dalgas Innovation. In addition, the companies in Dalgasgroup A/S will continue the innovative focus that is necessary to ensure continued development in these companies' business areas.

In order to bolster the three central pillars in the strategy - Earnings, Investments and Innovation – DDH expects to optimise the branding of DDH, Dalgasgroup A/S, HedeDanmark a/s and Orbicon A/S over the next few years.

On the basis of the development trends in the market and its carefully targeted strategy, DDH expects the positive development to continue in the years ahead.

In 2007 profits of approximately DKK 20 million are expected based on continued positive developments in the profits from business activities and, to a lesser extent than in 2006, profits realised on the sale of real estate.

Dalgasgroup A/S

Dalgasgroup A/S is responsible for the commercial side of DDH's activities.

Dalgasgroup A/S discharges its tasks through its ownership of the subsidiaries HedeDanmark a/s, Orbicon A/S and Hedeselskabet Sp. z o.o., as well as co-ownership of Polish energy plants, Xergi A/S and Silvatec Skovmaskiner A/S. In addition, Dalgasgroup A/S administers a portfolio of forest properties that are owned by DDH.

The companies in this portfolio act as independent companies, each with its own market and business model.

In 2006 Dalgasgroup A/S has managed to imple-

ment a number of initiatives that in the long term will ensure increased awareness of the company. The company's most important activities have been focused on supporting the business development in its subsidiaries and associated companies. Dalgasgroup A/S has also laid down the strategy for future activities in accordance with the objectives of DDH's strategy.

HedeDanmark a/s

Turnover in HedeDanmark a/s in 2006 amounted to DKK 1,045 million, and profits before tax were DKK 23.6 million, against DKK 24.3 million in 2005.

The result lies over budget and is considered to be satisfactory. The profit ratio is 2.6%, which is unchanged from 2005.

The result for 2006 should be seen in the light of the fact that the 2005 result was positively affected by the after-effects of the storm damage in January of that year.

New activities

During 2006 HedeDanmark a/s has increased its Baltic activities with a recruitment department in Latvia. The primary purpose of this new department is to recruit qualified Latvian personnel to alleviate situations where there is a shortage of labour, which HedeDanmark a/s occasionally experiences in certain geographical areas in Denmark. The secondary aim is to recruit qualified Latvian labour to the green industries in Denmark.

HedeDanmark a/s has entered into an alliance with the service companies Forenede Service, Dansikring and





Glenco with the goal of offering overall facility service solutions to businesses and institutions.

Finally, HedeDanmark a/s has begun working with the drawing up of hunting, wildlife and nature plans for land-owners and forest owners.

Market development

2006 has been characterised by a number of extraordinary events, including highly unusual climatic conditions, a difficult start-up phase in the Emirates and major price increases on softwood logs during the second half of the year.

In terms of climate, 2006 was an unusually warm and generally very wet year. The wet and mild autumn had a negative effect on costs in the nursery for the taking up of plants – and also made autumn planting difficult.

As described in the annual report for 2005, HedeDanmark a/s established activities in the United Arab Emirates in the spring of 2006. For a number of reasons the start-up phase in the United Arab Emirates has been more problematic than expected, which has resulted in the turnover in the Emirates being very modest and the financial result falling considerably short of budget expectations.

During the second half of 2006 both demand and the international prices for softwood logs increased, which resulted in price increases in Denmark. The price increases provided the basis for greater forestry activity and trade with raw wood, which has had a positive effect on the result.

2006 has seen a major focus on greenkeeping. The result of these activities was not satisfactory, however, and to ensure a better exchange of knowledge the greenkeeping activities have been placed under the auspices of the Green Service division.

Primary business areas such as the export of Christmas trees and greenery, trade of forestry equipment and raw wood, recycling of organic waste, machinery

services and woodchip supplies, care and maintenance of watercourses and forestry activities saw increases in levels of activity and earnings in relation to 2005.

Projects

HedeDanmark a/s carried out a major organisational reshuffle in 2006 that has led to a divisional structure that ensures greater focus on the relevant customer segments in each business area.

The company has also implemented internal process optimisation projects aimed at improving customer satisfaction and efficiency in the performance of tasks.

Research and development

The company regards research and educational institutions as important partners and will therefore develop relations to the relevant institutions in the future so that the latest knowledge can be incorporated into the products and services provided by HedeDanmark a/s.

In 2006 HedeDanmark a/s has worked closely with the Danish Road Directorate and the universities in Copenhagen and Århus.

Future expectations

HedeDanmark a/s has a strong market position in its primary business areas, and the company expects to maintain and develop this market position.

One of the conditions that will be of particular significance is the favourable market situation for softwood logs. The balance between the supply and demand for timber, however, can be quickly disrupted by major storm damage, as was the case in December 1999, January 2000 and again in January 2005.

At the end of 2006 and the beginning of 2007 concrete contract negotiations were held that appear to offer a degree of promise with regard to the company's future activities in the United Arab Emirates.



At present it is expected that turnover in 2007 will top DKK 1.1 billion, whilst profits are expected to remain at the 2006 level.

Orbicon A/S

Orbicon A/S had a net turnover of DKK 235 million in 2006, which is an increase of DKK 30 million in relation to 2005. Profits before tax in 2006 were DKK 6.3 million, against DKK 7.0 million the previous year. The profit ratio for the year was 2.5% of the net turnover.

The result has therefore not met budget expectations of profits of DKK 7.5 million. The reason for this has been a considerable slowdown in the public sector market at the end of the year as a result of the local government structural reform. In terms of Orbicon's areas of activity this has not least resulted in a bigger fall-off than expected in activities concerning environmental monitoring and groundwater surveying.

Despite an increase in turnover, investment in two new business enterprises and considerable resources devoted to development, it has once again been possible to improve liquidity in 2006 in relation to the previous year.

The result is regarded as acceptable seen in relation to the market situation.

New activities

In 2006 Orbicon A/S acquired the assets, activities and personnel of the company Bioconsult A/S. With this acquisition, Orbicon A/S has gained a position as the Danish market's leading consultant in the area of biological environmental consultancy services.

In addition, Orbicon A/S has acquired the personnel and activities in Miljøcenter Nordjylland I/S. Orbicon A/S has thereby been boosted by a considerable source of competence with regard to environmental management, environmental approvals and the industrial environment.

The municipal market

In 2006 the Danish municipal authorities were heavily focused on the impending local authority mergers, which resulted in demand for services in areas such as planning and data integration, as well as the completion of a large number of local projects and supervisory tasks.

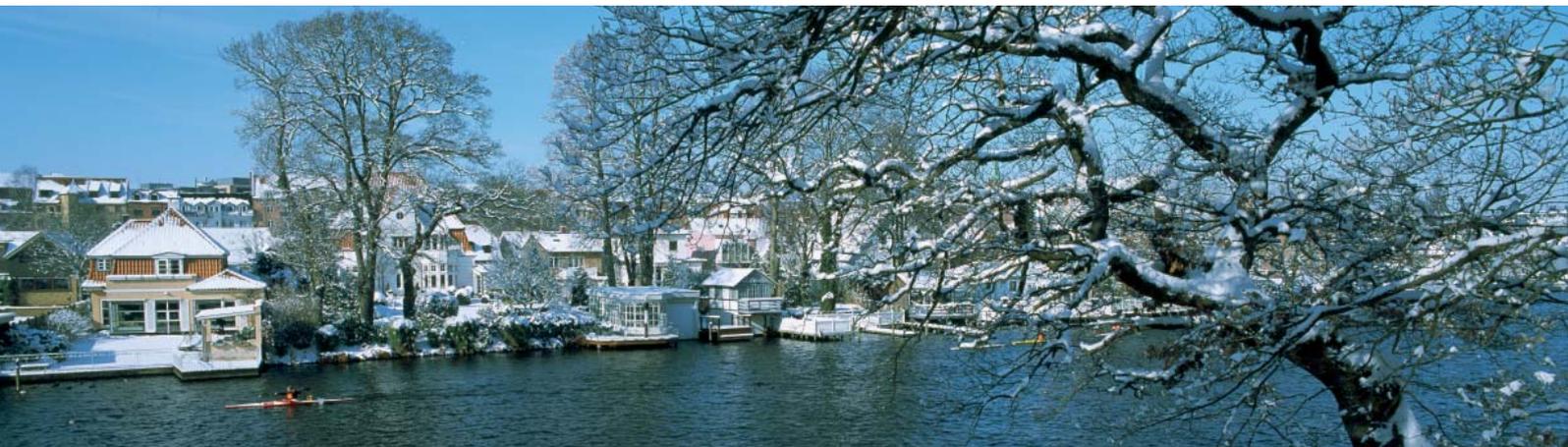
Furthermore, the municipal authorities were very busy trying to ensure the continued reliability of utility supply during the transitional phase. Essential utility supply tasks in the areas of water, sewers and watercourses saw very high levels of activity.

For Orbicon the municipal market has thus been characterised by very high levels of activity throughout the year.

The county market

The county authority market, on the other hand, was somewhat more turbulent. The spring quarter had a relatively high activity level, but was at the same time affected by uncertainty concerning employment conditions for county employees and thus the commissioning of tasks. During the summer the remaining tasks were commenced with delivery dates typically pencilled in for around 1st November, after which the market basically shut down until the turn of the year.

An exception to this was the area of soil contamination, where a clarification was quickly established in terms



of the future organisational and technical structure. This clarification meant that a number of tasks could be started up, which were then completed at around the turn of the year.

The national market

The market at national level has been characterised by a good level of enterprise within nature conservation and national environmental monitoring.

Orbicon A/S is now also able to solve assignments in connection with nature conservation projects in marine areas.

The private sector environmental market

Activities in the private sector environmental market have been very positive. The continuation and development of the areas of activity from the previously acquired BST (occupational health service) companies have been successful.

There has also been a very positive development in terms of the site development of residential and industrial areas.

Research and development

For Orbicon A/S, research and development is an integrated part of the ordinary solution of tasks. The most important research and development activities are performed along with customers and colleagues on current projects in order to ensure the best possible solutions.

Customer-financed development initiatives account for some 10% of the turnover.

In addition to these initiatives, approximately DKK 6.0 million has been devoted to internal development projects in 2006, including the restructuring and development of technical IT systems.

Expectations

The expectations to Orbicon A/S are closely linked to the current structural process in the public sector. Almost two thirds of the company's turnover will be affected by these structural changes.

Orbicon A/S predicts a slowdown in the environmental and utility supply market in 2007.

During the second half of 2006 political discussions as to whether the national environment centres may be called upon to take on more environmental monitoring tasks themselves have created a degree of uncertainty with respect to expectations concerning this market.

On the other hand, Orbicon A/S expects to see growth in terms of services provided to private business enterprises.

In the slightly longer term, the company clearly expects the new enlarged municipal authorities and national environment centres to seek the company's expertise in connection with the solution of new types of tasks which these organisations have assumed from the county authorities.

On the international stage there is a considerable environmental market potential in the new EU member states. It is a market that is ideal for the environmental core competencies possessed by Orbicon A/S. The company therefore expects to set up a base on one or two of these new growth markets in 2007.

In 2007 Orbicon A/S expects a result that will not be as good as the 2006 result. The reason for this can be found in the public sector customers' late commencement of new activities in light of the recently implemented local government structural reform.

The Polish companies

The Polish energy companies are owned by Dalgasgroup A/S, which has 75% of the shareholdings, and the Investment Fund for Central and Eastern Europe, which owns the remaining 25%. In collaboration with Hedeselskabet Sp. z o.o., which is owned 100% by Dalgasgroup A/S, the companies operate the three Polish energy plants that run on gas from landfill sites.

The combined Polish activities resulted in a loss of DKK 4.6 million for Dalgasgroup A/S in 2006.

A number of legal and economic risks for the Polish landfill gas plants have been clarified. The plants have been reconditioned. New investments in the plants are expected to further increase energy production and thereby contribute to a better economy.

A better result is expected in 2007 than in 2006. An application has also been made for the sale of climate credits, which will also have a positive effect on future results.

Xergi A/S

In 2006 Xergi A/S realised profits of DKK 4.3 million before tax, against a loss before tax of DKK 5.3



million in 2005. Dalgasgroup A/S and Aktieselskabet Schouw & Co. each hold a 50% shareholding in the company Xergi A/S.

Xergi A/S has increased its turnover from DKK 83 million in 2005 to DKK 167 million in 2006. Turnover in 2006 is, however, still lower than expected due to continued low levels of activity, primarily in Denmark.

The profit returned is in line with expectations and is regarded as satisfactory.

The result is positively affected by licence revenues and the disposal of activities within the sale of biomass substrates.

The result is negatively affected by increasing raw material and contractor prices, as well as the costs of market penetration in Germany.

Xergi A/S is concentrating its focus on biogas and liquid manure separation plants, where the marketing potential in several EU countries is deemed to be promising over the next few years, and the company expects an increasing intake of orders from the German market during the course of 2007.

Xergi A/S expects to realise a turnover of the order of DKK 235 million in 2007 and a modest profit before tax.

Silvatec Skovmaskiner A/S

The primary shareholder with 80% of the shares in the Silvatec companies is AgromashHolding, which is a company in the Russian PromTractor group. Dalgasgroup A/S owns the remaining 20% of the shares in Silvatec Skovmaskiner A/S.

2006 has been characterised by integration with AgromashHolding. The company has also seen a change of executive management during the year.

Silvatec Skovmaskiner A/S' annual accounts are expected to be presented in the middle of May and are expected to show a loss.

DDH has decided to enter the value of its shareholding as an expense of DKK 1.3 million in its annual accounts for 2006.

Silvatec A/S and Silvatec Skovmaskiner A/S are to be merged in 2007 with Silvatec Skovmaskiner A/S as the going concern. During the coming period Silvatec Skovmaskiner A/S expects to be able to exploit the great potential that has been created in connection with the establishment of the strategic alliance with AgromashHolding and PromTractor.

Properties

Forest properties

DDH owns 3,760 hectares of forest in Denmark.

In Latvia and Lithuania, DDH owns 1,132 hectares of forest and rural properties.

Dalgasgroup A/S looks after the administration of DDH's properties.

DDH expects to invest in the acquisition of forest and rural properties in the years to come.

Klostermarken 10-12 in Viborg

The lease held by the laboratory business Eurofins at Klostermarken 10-12 in Viborg was terminated as of 31 December 2006. The lease has covered approximately half of DDH's building area at the property. DDH has concluded an agreement with the Palaces and Properties Agency on the lease of 4,500 square metres of floor space to the District Court in Viborg, which is scheduled to move into the premises in two phases on 1 April 2007 and 1 September 2007 respectively. The lease will result in expected investments with regard to conversions and extensions of approximately DKK 35 million.

Associated companies

In collaboration with the Pen-Sam Group, DDH owns Skovselskabet Skov-Sam Holding ApS (50% shareholding) and Skovselskabet Skov-Sam II ApS (15% shareholding), which make up one of Denmark's leading private forest owners, with 9,090 hectares of forest.

Financial risks

DDH's international activities mean that the group's financial results, cash flow and equity capital are affected by exchange rate developments in a number of currencies. A significant portion of the foreign turnover is paid in EURO. Risks on orders in other currencies are where relevant covered by the company through the conclusion of forward contracts and/or foreign currency loans. Speculative currency transactions are not carried out.

Management's Accounting Notation and Auditors' Report

Management's Accounting Notation

The Executive Committee and Management have on this day examined and approved the annual accounts for 2006 for DDH.

The annual report has been presented in accordance with the Danish Act on Commercial Enterprises' Presentation of Financial Statements. We consider the chosen accounting policy to be appropriate in such that the annual report gives a true and fair view of the assets, liabilities and financial position of the Group and Parent Organisation as at 31 December 2006, as well as of the result of the Group's and Parent Organisation's activities and the Group's cash-flow for the financial year 1 January – 31 December 2006.

The annual report is recommended for the Committee of Representatives' approval.

Viborg, 28 March 2007

Management

Ove Kloch
Managing Director, Group Managing Director

Executive Committee

Peter Skak Olufsen	Frants Bernstorff-Gyldensteen
Aleksander Aagaard	Svend Aage Linde
Peter Høstgaard-Jensen	Kresten Philipsen
Jens Ejner Christensen	Jørgen Lykkemark
Jens Erik Engel	Tove Nyegaard
Flemming Berg	Karl Gustav Pedersen

Auditors' Report

The annual report for DDH for the financial year 1 January – 31 December 2006 has been audited by the state-authorised public accountants, KPMG C.Jespersen, who have drawn up an auditors' report on the Danish annual report without qualifications or supplementary information.

For a full version of the auditors' report, please refer to www.hedeselskabet.com, where the annual report is reproduced in English in its entirety.

Århus, 28 March 2007

KPMG C. Jespersen
State-authorised partnership of public accountants

Ivan Berthelsen
State-authorised public accountant

Profit and Loss Account



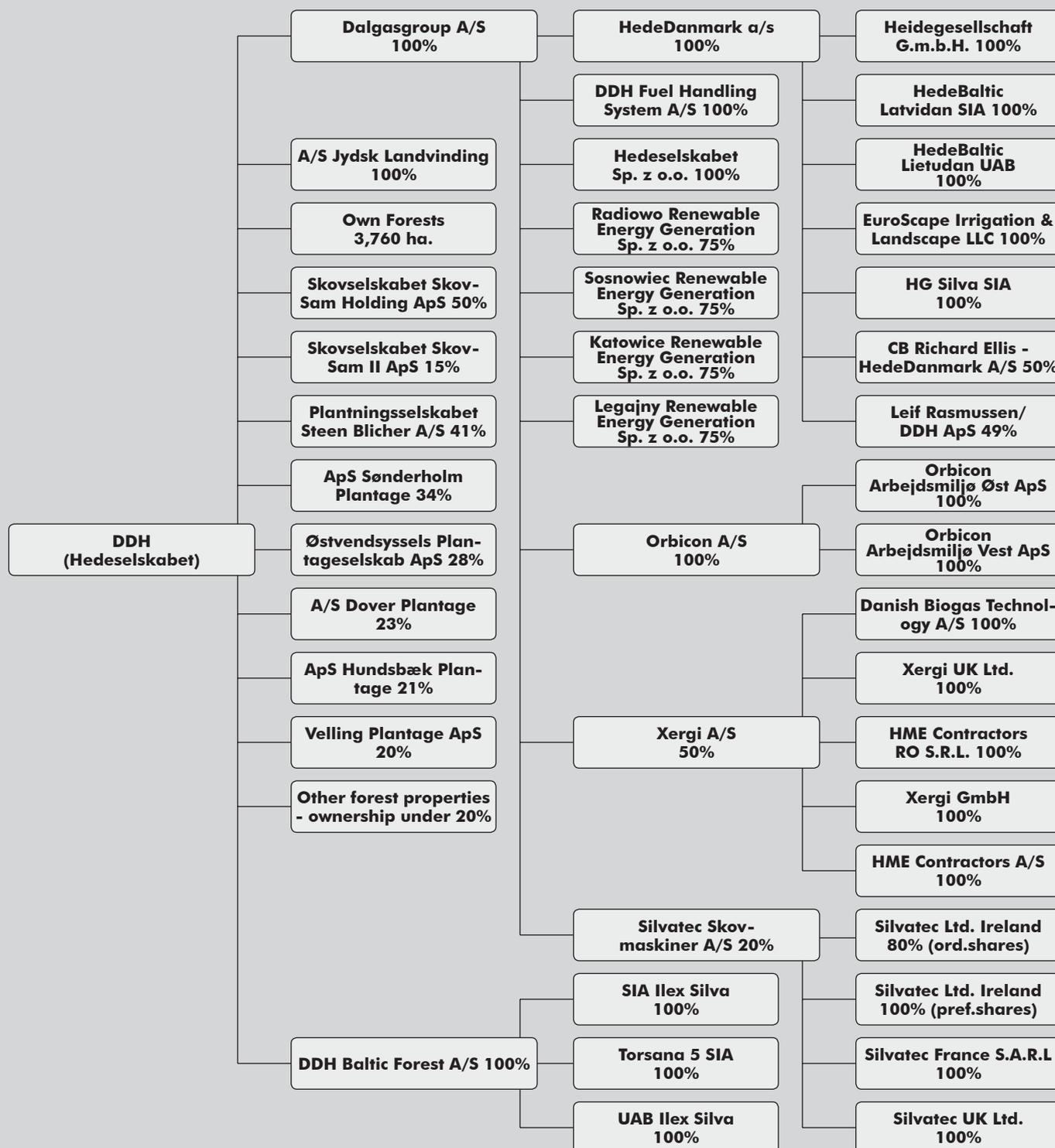
	DDH The Group		DDH The Parent Organisation	
	2006 DKK 1,000	2005 DKK 1,000	2006 DKK 1,000	2005 DKK 1,000
Net turnover	1,309,887	1,444,140	25,283	43,111
Change in stocks of finished goods and goods in process of production	-11,745	21,987	-429	-200
Change in value of work in progress on external account	-7,897	-14,678	-	-
Work on own account entered under assets	-	4,152	-	-
Other operating income	33,530	15,510	16,728	4,232
Total income	1,323,775	1,471,111	41,582	47,143
Purchase and construction costs	577,251	733,191	5,248	10,889
Other external expenses	242,607	254,135	20,538	17,040
Personnel costs	428,661	412,752	6,166	11,713
Depreciation and write-downs	37,665	44,786	2,259	3,706
Other operating expenses	13,309	9,991	4,505	288
Profit on ordinary operations	24,282	16,256	2,866	3,507
Profit on capital holdings in subsidiary companies	-	-	4,457	-6,173
Profit on capital holdings in associated companies	19,687	3,416	19,598	6,128
Financial income	4,478	7,712	12,715	12,615
Financial expenses	13,958	15,989	5,451	5,207
Profit before tax	34,489	11,395	34,185	10,870
Tax on year's result	10,817	8,580	10,817	8,580
Profit after tax	23,672	2,815	23,368	2,290
Minority interests	304	525	-	-
Profit for the financial year	23,368	2,290	23,368	2,290

Profit for the financial year is transferred to Profit carried forward

Balance Sheet

	DDH The Group		DDH The Parent Organisation	
	2006	2005	2006	2005
	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000
Assets as of 31.12.				
Fixed assets				
Intangible fixed assets	15,148	12,156	279	1,185
Tangible fixed assets	409,581	409,244	224,720	235,012
Financial fixed assets	335,898	271,220	300,851	249,376
Total fixed assets	<u>760,627</u>	<u>692,620</u>	<u>525,850</u>	<u>485,573</u>
Current assets				
Stock on hand	115,395	127,422	130	559
Receivables	341,077	385,988	233,621	212,476
Cash at bank and in hand	61,215	57,381	26,641	23,135
Total current assets	<u>517,687</u>	<u>570,791</u>	<u>260,392</u>	<u>236,170</u>
Total assets	<u>1,278,314</u>	<u>1,263,411</u>	<u>786,242</u>	<u>721,743</u>
Liabilities as of 31.12.				
Total equity capital	<u>621,507</u>	<u>565,020</u>	<u>621,507</u>	<u>565,020</u>
Minority interests	<u>13,901</u>	<u>3,382</u>	<u>-</u>	<u>-</u>
Provisions	<u>28,507</u>	<u>21,039</u>	<u>7,686</u>	<u>3,181</u>
Total long-term debt	<u>141,235</u>	<u>143,849</u>	<u>141,235</u>	<u>143,849</u>
Total short-term debt	<u>473,164</u>	<u>530,121</u>	<u>15,814</u>	<u>9,693</u>
Total debt	<u>614,399</u>	<u>673,970</u>	<u>157,049</u>	<u>153,542</u>
Total liabilities	<u>1,278,314</u>	<u>1,263,411</u>	<u>786,242</u>	<u>721,743</u>

Organisation



Committee of Representatives

Honorary members

Chamberlain, Master of the Royal Hunt
Oluf Krieger von Lowzow
Smallholder Christian Sørensen

Committee of Representatives Elected by the members of DDH

31.12.2006

Estate farmer Aage Bach
Farm owner Thorkil Beck
Estate farmer Jens P. Gadensgaard
Farm owner Svend Erik Jakobsen
Landowner Hans Helmuth Lüttichau
Farm owner Jørgen Elgaard Petersen
Landowner Birger H. Schütte
Farm owner Esben Oddershede
Forest supervisor Peter Brun Madsen
Landowner Niels Jørgen Bønløkke
Farm owner Anders Chr. Wegger
Mayor Aleksander Aagaard
Managing director Peter Høstgaard-Jensen
State forest supervisor Steffen Jørgensen
Farm owner Jørgen Skovdal Larsen
Managing director Svend Aage Linde
Farm owner Jens Møller Eg
Master of the Royal Hunt, landowner Peter Skak Olufsen
Smallholder Peder Thomsen (Vice Chairman)
Mayor Lars Krarup
Chairman of County of Ribe Family Farmers
Association Henrik Bertelsen
Farm owner Henning Ølgaard Bloch
Director Bjarne Risvig
Farm owner Benny Ravn Bonde
Farm owner Hans A. Pedersen
Farmer Knud Strøm
Smallholder Peter Petersen
Landowner Ulrik I. Bernhoft

Farm owner Lars Erik Hornemann Jensen
Smallholder Ib W. Jensen
Chamberlain, Master of the Royal Hunt
Christian N. B. Ulrich
Master of the Royal Hunt, landowner Andreas Hastrup
Farm owner Henrik Høegh
Farm owner Jørn Nordstrøm
Landowner Ole Chr. Wibholm
Plant cultivation consultant Kim Enemark
Former headmaster Jens C. Jørgensen
National chairman Kristian Raunkjær
Landowner Claus de Neergaard
Centre manager Inge Faldager
Professor Jørn Primdahl
Farm owner Poul Jensen
Smallholder Jens Larsen
Solicitor Peter Tetens Hald
Solicitor, landowner Klavs Krieger von Lowzow
Smallholder Svend Kofoed
Farm owner Lars Jakob Larsen

Elected by the Committee of Representatives

Chamberlain, Master of the Royal Hunt Frants Count
Bernstorff-Gyldensteen (Chairman)
Consultant Tage Bojsen-Møller
Farm owner Arne Frandsen
Managing director Arent B. Josefsen
Master of the Royal Hunt, landowner Christian Dan-
neskiold Lassen
County mayor Knud Munk Nielsen
Former county mayor Kresten Philipsen
Director Norbert F. V. Ravnsbæk
Master of the Royal Hunt, estate farmer Steen Revent-
low-Mourier
Master of the Royal Hunt, landowner Jørgen Skeel
Landowner Carl Boisen Thøgersen



DDH

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Registered office: Viborg

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www.hedeselskabet.com



DDH's activities revolve around the development of the sustainable handling of the environment and natural resources both in Denmark and abroad.

DDH is an association that has the status of a business foundation. The association has more than 3000 members that make up a wide circle of decision-makers from the agricultural and forestry sectors, industry and the public sector.

The commercial side of DDH's activities comes under the wing of Dalgasgroup A/S, which is owned 100% by DDH.

Read more at www.hedeselskabet.dk

DDH