Executive Board

The Copenhagen Stock Exchange A/S
Via StockWise

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PT/-

Announcement 2002/02

ANNOUNCEMENT OF FINANCIAL RESULTS 2001

The Supervisory Board of Danske Trælast A/S today considered and adopted the annual report for the financial year ended 31 December 2001 and recommends that the report be adopted by the forthcoming annual general meeting.

We enclose our financial report for the year, which contains the following highlights:

- Turnover increased 11% to DKK 14.6 billion
- Profit on ordinary activities before tax and goodwill amortisation was DKK 462 million, which is in line with our forecast. Adjusted for non-recurring income in 2000, this represents a 9% decline
- Earnings per share amounted to DKK 12 (DKK 15 in 2000).
- The cash flow from operating activities amounted to DKK 548 million
- The Group has implemented measures to reduce costs in order to adjust to the current market situation. Restructuring costs of a non-recurring nature in this connection reduced profit for 2001 by DKK 22 million.
- Dividend of DKK 3.60 per share proposed, unchanged from last year.
- The Group changed its accounting policies in 2001 to the effect that goodwill is now capitalised under intangible fixed assets, and amortisation is charged through the profit and loss account, while deferred tax assets are carried on the balance sheet. Goodwill capitalised as at 31 December 2001 amounted to DKK 843 million. DKK 52 million was amortised in 2001. Deferred tax assets amounted to DKK 11 million as at 31 December 2001
- Turnover for 2002 is expected to be approximately DKK 15 billion, and profit on ordinary activities before tax and goodwill amortisation is expected to be in the region of DKK 470-510 million

Should you have any questions concerning this statement, please contact Steen Weirsøe, President & CEO, on telephone +45 3955 9700.

DANSKE TRÆLAST A/S

Hans Werdelin	Steen Weirsøe
Chairman	President & CEO

This announcement has been translated from the Danish language, and in the event of any discrepancies between the Danish and English language versions, the Danish language version is the governing text. For further information, please visit our Web site at www.dansketraelast.dk

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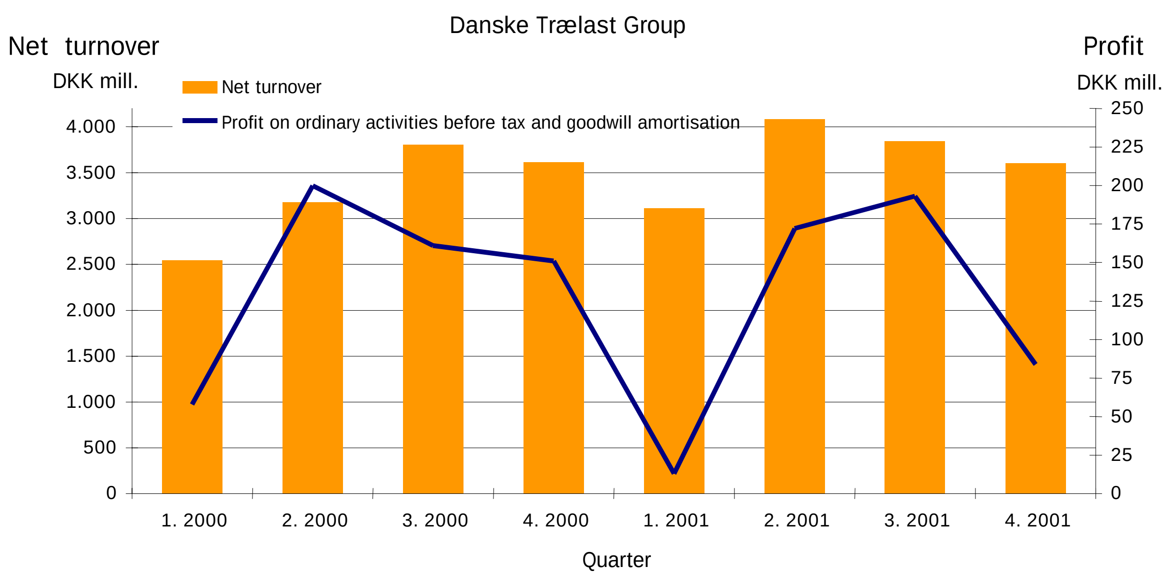
Group financial highlights

Profit and loss account

DKK million	1997	1998	1999	2000	2001	4th quarter 2000	4th quarter 2001
Net turnover	**8,906**	**9,794**	**10,722**	**13,139**	**14,639**	**3,614**	**3,605**
Gross profit	**2,146**	**2,395**	**2,723**	**3,200**	**3,474**	**856**	**875**
Other operating income	23	28	28	90	30	59	9
External operating costs	602	626	692	791	888	209	226
Staff costs	1,006	1,134	1,277	1,562	1,744	453	465
Loss on debtors	29	41	34	47	48	12	12
Depreciation	125	148	157	193	211	57	57
Operating profit	**407**	**474**	**591**	**697**	**613**	**184**	**124**
Net financial expenses	61	91	80	127	151	33	40
Ordinary profit before tax and goodwill amortisation	**346**	**383**	**511**	**570**	**462**	**151**	**84**
Tax on ordinary profit before goodwill amortisation	127	126	165	175	138	44	26
Ordinary profit before goodwill amortisation	**219**	**257**	**346**	**395**	**324**	**107**	**58**
Goodwill amortisation	19	152	32	51	52	27	13
Tax effect of goodwill amortisation	(4)	(3)		(3)	(6)	(2)	0
Ordinary profit	**204**	**108**	**314**	**347**	**278**	**82**	**45**
Extraordinary items after tax	5	1	48	1	(7)	(1)	(5)
Group profit	**209**	**109**	**362**	**348**	**271**	**81**	**40**
Profit attributable to Danske Trælast	**208**	**108**	**360**	**346**	**270**	**80**	**39**

Movements in exchange rates have not had any significant effect on turnover or earnings. The comparative figures for 1997-2000 have been restated to reflect the Group's changed accounting policies. See page 5.



Balance sheet

DKK million	1997	1998	1999	2000	2001
Fixed assets	2,323	2,204	2,462	3,482	3,567
Current assets	2,569	2,675	3,137	3,697	3,662
Total assets	**4,892**	**4,879**	**5,599**	**7,179**	**7,229**
Share capital	449	454	456	472	473
Other shareholders' equity	1,467	1,466	1,812	2,088	2,242
Minority interests	6	7	8	9	10
Group shareholders' equity	**1,922**	**1,927**	**2,276**	**2,569**	**2,725**
Provisions	158	134	141	156	159
Long-term liabilities	1,231	1,194	1,384	1,902	1,579
Current liabilities	1,581	1,624	1,798	2,552	2,766
Total liabilities	**2,812**	**2,818**	**3,182**	**4,454**	**4,345**
Total liabilities and equity	**4,892**	**4,879**	**5,599**	**7,179**	**7,229**

Key ratios and other data

	1997	1998	1999	2000	2001
Earnings per share (EPS)	9	5	14	15	12
Return on equity	11.8	5.6	14.9	14.3	10.5
Return on assets	10.0	10.3	11.9	11.4	8.8
Equity ratio	39	39	41	36	38
Gearing	95	98	89	120	109
Book value per share	85	85	99	108	115
Market price per share at year-end	119	84	126	136	92
Dividend per share	2.8	2.8	3.6	3.6	3.6
Price/earnings	13	18	9	9	8
Cash flow per share	7	12	19	21	23
Fixed assets (DKK million):					
Tangible fixed assets	317	204	257	314	363
Goodwill and tangible fixed assets in new outlets and companies	382	61	191	1.181	168
Total fixed assets	**699**	**265**	**448**	**1.495**	**531**
Average number of employees (full-time equivalents)	**3,888**	**4,334**	**4,726**	**5,879**	**6,183**

The ratios have been calculated in accordance with Recommendations & Ratios, 1997, issued by the Danish Association of Financial Analysts.

Accounting policies

The annual accounts include the accounts of the Group and of the parent company, Danske Trælast A/S.

The annual accounts have been prepared in accordance with Danish statutory requirements and the guidelines issued by the Copenhagen Stock Exchange, including Danish accounting standards nos. 1-15.

The accounting policies for goodwill and deferred tax have been changed compared with previous years, when goodwill and deferred tax assets were not carried on the balance sheet.

In 2001, the changes reduced consolidated profit by DKK 63 million (2000: DKK 59 million), increased total assets by DKK 854 million (2000: DKK 858 million) and increased shareholders' equity by DKK 826 million (2000: DKK 830 million). The comparative figures have been restated to reflect the accounting policy changes.

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

In the information on the Group's business areas and divisions, the term **adjusted operating profit** represents profit before interest but less market rent, irrespective of whether own or rented premises are used. This ensures comparability between the individual business areas.

In addition, **adjusted capital employed** represents operating equipment and current assets less non-interest-bearing debt.

Directors' report

Group turnover increased by 11% to DKK 14.6 billion. Ordinary profit before goodwill amortisation and tax was DKK 462 million, which was DKK 108 million less than in 2000, when the profit was affected by non-recurring income of DKK 64 million. Excluding this income, earnings were approximately 9% lower than last year.

The increase in turnover amounted to DKK 1.5 billion. As turnover in new outlets and companies totalled DKK 1.8 billion, same-store turnover was down DKK 0.3 billion.

Net profit after tax and extraordinary items was DKK 271 million (2000: DKK 348 million). Return on equity was 11%, and earnings per share amounted to DKK 12 (2000: DKK 15).

The performance did not meet management's expectations at the beginning of the year as the Danish market showed a sagging trend, and the problems in Sweden turned out to be larger than expected. The Group therefore initiated comprehensive measures to counter the effect on profit of the downturn. The main measure was an adjustment of staff costs. The notice periods required resulted in a delay of the effect of these measures, and the results will consequently not be seen until in 2002.

The Group's targeted efforts to optimise capital employment and thus the cash flows resulted in a record-high DKK 548 million cash flow from operating activities. This was the fourth consecutive year of improvement of the cash flow from operating activities.

Market developments

In **Denmark,** GDP grew by approximately 1% as a result of consumer reluctance. The inflation rate was about 2%. New building activity was at the same level as in 2000, while the repair and maintenance market reversed to the 1999 level, which was lower than in 2000, as that year was characterised by a high activity level following the hurricane in December 1999. Consumer spending increased by 0-1%.

The competition in the market followed the well-known pattern of a downturn in activity leading to attempts to increase the geographical market coverage, primarily using price as a competitive factor. As stores in other industries increasingly use typical DIY-store products as bargains, prices were also in focus in the DIY sector.

In **Finland,** a declining trend was seen during the year. The GDP growth rate is estimated to have been 4% at the beginning of the year, but it ended up at 0-1%. The inflation rate was 2.5-3.0%. New building activity in 2001 was at the same level as in 2000, while repair and maintenance work rose. This was slightly lower than had been expected at the beginning of the year. Consumer spending rose 2-3%. Against this background, the Finnish market for building materials was stagnant in 2001.

In **Sweden,** GDP rose by approximately 1%. As in Denmark, this was due to consumer reluctance. On the other hand, 2001 saw a 4-6% increase in new building activity, while the market for repair and maintenance rose by more than 2%. Activities continued to concentrate around large cities, especially university cities, which suffer from housing shortages. The total market for building materials rose by more than 2% in 2001. The inflation rate was 2.6%.

In **Norway,** the GDP growth rate was 2%, and the inflation rate was about 3%. New building activity remained stagnant at the 2000-level, which was relatively high at approximately 24,000 new housing units. On the other hand, repair and maintenance work was down approximately 3%.

Group activities in 2001

Group turnover increased by 11% or DKK 1.5 billion relative to the level in 2000. Of this increase, DKK 1.4 billion was attributable to Starkki, which was included for the full year for the first time. Other new outlets and companies contributed DKK 374 million of the increase.

Among the most important events during the year were the Group's targeted efforts to optimise capital employment and the implementation of a number of initiatives to counter the effect on profit of the lower-than expected activity level in all markets.

The **building material merchants** increased turnover by DKK 1,325 million to DKK 11,790 million. New outlets and companies contributed DKK 1,708 million.

In **Denmark,** the market for building materials was down 2%, which corresponds to the fall in same-store turnover in DDT Detail.

Early in the second half of the year, it became clear that the stagnant turnover would be of a more persistent nature. Until then, the signals had been mixed as a result of great variations in turnover from month to month. See the figure on page 10. Immediately thereafter, the Group took a number of steps to cut costs. As the main cost factor is the staff, the effect on the accounts will be deferred by some months. The Group will not see the full effect of the steps taken until in the course of 2002.

Adjusted operating profit for the year dropped from DKK 335 million in 2000 to DKK 286 million in 2001.

In **Finland,** Starkki generated sales growth of more than 5%, although the market as a whole was stagnant.

Following our acquisition, Starkki was able to concentrate on its business after several years of uncertainty in respect of the company's ownership structure. Segregation of the IT system from the former owners and the transition of all systems to the euro on 1 January 2002 were the main activities in the division.

Starkki recorded no major effects from the growing competition on the Finnish DIY market, which has materialised since another foreign operator set up in the market.

Adjusted operating profit for Finland was DKK 114 million, which was in line with expectations when the acquisition was made. The profit corresponds to a return on adjusted capital employed of more than 15% when goodwill of DKK 511 million is included. The adjusted capital employed was reduced by DKK 24 million.

In **Sweden,** the market for building materials saw an increase of approximately 2%. Beijer Byggmaterial was not quite able to keep same-store turnover at the 2000 level, and the Group therefore lost market share in Sweden.

Activities in Sweden primarily focused on efficiency improvements in the stores and on giving the employees new faith in the future. In that connection, Anders Wassberg joined the Group as the new president of the Swedish operation in September 2001. Following this management change, comprehensive changes were initiated in the division's companies and outlets. One of the effects of the changes was a 10% reduction of the staff and a new organisational structure which is to ensure closer follow-up on and more efficient communication of the division's goals and the tools available for achieving these goals.

In 2001, adjusted operating profit was DKK 32 million, down from DKK 116 million in 2000. It should be noted, however that the 2000 profit included DKK 64 million of SSP pension funds distributed that year. In 2001, DKK 19 million of non-recurring expenses were recorded relating to restructuring, which will not take full effect until in 2002.

In **Norway,** Neumann Bygg lost market share in a couple of local areas, but gained ground in other areas. The closure of some minor activity areas had an adverse effect on turnover.

It is still the Group's goal to expand in the Norwegian market as Neumann Bygg does not have a market presence in important areas of the country. At the turn of the year 2001/2002, Neumann Bygg took over two small companies near Kristianssand, but owing to the prices being asked for the companies that are for sale in Norway, the Group does not consider it profitable to expand through further acquisitions.

The Group also implemented profit-enhancing measures in Norway. Among the steps taken was a 10% staff reduction. In 2001, DKK 3 million of non-recurring costs related to these redundancies were charged to the profit and loss account. The full effect of the cuts will not be seen until in 2002.

Adjusted operating profit was DKK 8 million, which was the same level as in 2000 and still not satisfactory.

The **DIY stores** in Denmark and Sweden increased turnover by 12% to DKK 1,658 million. The increase was composed of a 1% fall in same-store turnover and a 13% increase in new stores.

In **Denmark,** same-store turnover was down 2%. Including new stores, turnover rose by 5% in a market which is estimated to have been unchanged from the previous year.

Work with the staff, the Silvan Chain's most important value factor, continued, and the effects included a 25% reduction in staff turnover. Furthermore, the Group was successful in countering the adverse effect on profit of a stagnant market for DIY products.

Two new Silvan DIY stores opened in 2001, and the DIY section of the newly acquired Viborg Tømmerhandel was included in Silvan from the date of acquisition, which was 1 October 2001.

In **Sweden,** same-store turnover rose by 4%, which corresponds to the growth rate in Swedish retail trade.

Four new stores were opened in 2001, which brought the number of Swedish Silvan DIY stores to seven. The Group expects to achieve a profit when it reaches ten DIY stores in Sweden. The reason is primarily the overheads involved in working in a new market and that the Swedish operation is charged with a proportional share of the costs of the chain's head office in Denmark.

The division succeeded in increasing its adjusted operating profit to DKK 98 million in spite of the difficult market conditions. This was the best performance in Silvan's history and was not least attributable to the firm cost-cutting measures taken by the division. The performance was improved by 11% or DKK 10 million compared with results in 2000.

The **import and wholesale division** consists of six companies, which work within different product areas, but whose customers are all industrial operators or retailers.

The division took over Edward Hultén AB in Gothenburg on 1 January 2001 and sold Aksel Michelsen's Eftf. A/S to Vest-Wood A/S on 1 October 2001.

Turnover and profits differed in the companies of the division. HT Bendix and CC Vejle in Denmark and Oscar Peschardt in Norway generated growth, while the other companies of the division recorded disappointing results, among other things as a result of losses on contracts and realisation of stocks.

Adjusted operating profit dropped from DKK 54 million in 2000 to DKK 29 million in 2001. The adjusted capital employed was reduced by DKK 88 million.

The expansion continued

The Group added 19 new stores and outlets in 2001. Two building material merchants were acquired in Norway, six in Denmark and three in Sweden. In addition, we opened four new DIY stores in Sweden and two in Denmark and acquired one existing DIY store. The Import and Wholesale Division acquired one company.

During the year, one company was sold by the DDT Detail Division, one by Neumann Bygg, and one by the Import and Wholesale Division.

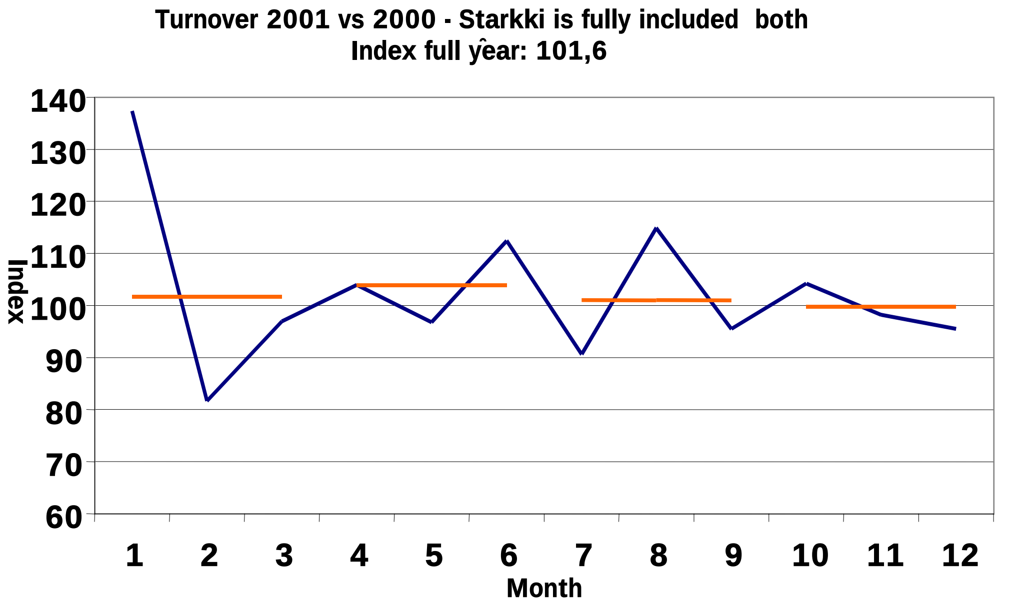
The Group plans to open three new DIY stores in Sweden and one building material merchant in Finland in 2002.

2001 performance relative to forecasts

In the annual report for 2000, we forecast ordinary profit before tax and goodwill amortisation of DKK 570-600 million.

Already in December 2000, Silvan had registered some stagnation in sales to private consumers. Comprehensive cost-cutting programmes were therefore implemented with effect from January 2001. This helped the division achieve its best ever results in 2001.

The DIY stores experienced the same pattern in all countries of operation. The year started out with record-high activity in January, whereas the following two months saw more subdued activity. First quarter performance was generally in line with budgets, and we therefore reiterated our forecast for the full year at the annual general meeting on 15 May 2001.



------- = turnover index 2001 compared to 2000 ------- = average for the quarter

Since the autumn of 2000, we have seen a marked trend towards greater month-on-month fluctuations. As appears from the figure above, it was very difficult to project the trend of activities on the basis of the performance during the individual months.

In the early part of the second half it became clear that the market was showing a sagging trend. When it became apparent that it was not just a delay in sales, we reduced our forecast in connection with the release on 28 August 2001 of our interim report for the six months to 30 June 2001. Our new forecast was an ordinary profit before tax and goodwill amortisation of DKK 440-480 million. Following the divestment of Aksel Michelsen's Eftf. A/S, we raised this forecast by DKK 8 million. The forecast was reiterated in our interim report for the nine months to 30 September 2001.

The actual profit of DKK 462 million is thus in line with our latest forecast.

Events after the balance sheet date

No events have occurred after the end of the financial year, which are expected to have a significant influence on the evaluation of the 2001 accounts.

Stock options

The Supervisory Board has granted stock options to the members of the Executive Board and senior management employees in previous years as shown in the table below. The condition for receiving the options was a given rate of growth in earnings per share.

As the targets for 2001 were not met, no stock options will be granted in 2002.

We are concurrently working on a new stock option programme under which the condition for granting options will be that shareholder value is generated in 2002 on the basis of a WACC of 7.5%.

If the assumed value creation is achieved, options will be granted to buy shares at a price equivalent to the average market price of the shares during a period of five business days before and five business days after the date the financial results for 2001 are released. The exercise price in the new programme will be adjusted by dividends paid on an ongoing basis.

The number of stock options to be granted to each participant in the programme will be based on a calculation of the value using the Black-Scholes formula.

The options are exercisable three years after grant, at the earliest, and must be exercised eight years after grant. The value of the options is thus the increase in the share price from the allocation until the time of exercise. The company's liability is covered by own shares.

The table below shows the number of options granted:

Time of grant	Number of participants	Number of shares of DKK 20	Exercise price	Exercise period	Value on issue*	Value at 31 Dec. 2001*
April 2000	42	89,500	136	3–5 years	DKK 3.7 million	DKK 0.4 million
April 2001	55	124,500	136	3–5 years	DKK 4.2 million	DKK 1.1 million

*) Calculated according to the Black-Scholes option pricing formula. The standard deviation has been set at 0.26, the term is the period until the options are exercisable plus 1 year, and no adjustment has been made for dividends. The risk-free rate of interest as at 31 December 2001 has been set at 5.0%.

Out of the above mentioned stock options, the number granted to the members of the Executive Board is 68,500.

Outlook for 2002

In the second half of 2001, the Group was hit by stagnation on almost all of its markets, and the cost structure in the Group is such that a reduction of the cost level is time- and cost-consuming, especially in the building material merchants.

For 2002, we expect no specifically positive economic trend. However, we expect that the cost reductions and other measures initiated in 2001 will have a favourable effect, and we expect that we will be able to achieve a better ordinary profit in 2002 than in 2001.

The cost savings from redundancies in 2001 are expected to be approximately DKK 80 million in 2002. However, the redundancies may also have an effect on turnover.

The 2002 GDP growth rate in Denmark is expected to be 0.5-1.5%, while consumer spending is expected to increase by approximately 1.5%. The prospects for the new building sector as well as for repair and maintenance indicate a level which is largely unchanged from last year. However, a few third-party forecasts talk about a "building boom" with an increase in new building activity of approximately 10%. We expect the Danish market to be largely unchanged in 2002.

In Finland, 2001 ended at a low activity level as a result of falling exports. In 2002, there is general confidence that the situation will change, especially in the second half of the year, lifted by the expected improvement in the global economy. It is expected that GDP will increase at a rate of about 1.5% in 2002, compared with close to zero growth in 2001. Given a variation in the various third-party forecasts for the Finnish market from minus 3% to plus 3%, prospects for the building sector are not bright. Our forecast therefore assumes zero growth in the Finnish market.

In Sweden, GDP is expected to increase by 2% against 1% in 2001, and consumer spending is expected to rise by 2.5% in 2002 from zero growth in 2001. In the building industry, the construction sector is the most optimistic sector, while the building sector is not very confident that 2002 will see growth. Our forecast does not assume any market growth.

In Norway, GDP is also expected to increase by 2%, which is largely the same growth rate as in 2001. There are no expectations of any changes in the activity level in the building sector, although greater activity is expected within repair and maintenance, with an expected rate of growth of 1.5% compared with a 3% decline in 2001.

A combined evaluation of these market expectations and the measures initiated cause us to currently expect that we will to be able to achieve a turnover of DKK 15 billion and an ordinary profit before tax and goodwill amortisation of DKK 470-510 million in 2002 against DKK 462 million in 2001. Group profit after tax is expected to be DKK 280-310 million against DKK 271 million in 2001.

Annual General Meeting and proposals by the Supervisory Board

The general meeting of shareholders is the supreme authority of Danske Trælast. The annual general meeting is held before the end of May and is convened giving one to four weeks' notice. The venue for the next annual general meeting, which will be held on 10 April 2002, will be our new corporate head office in Gladsaxe (Copenhagen). At the annual general meeting, the Supervisory Board intends to propose that the authority to issue new shares with a nominal value of up to DKK 50 million be renewed and that the company be authorised to buy own shares for up to 10% of the share capital, and certain amendments to the wording of the articles of association. The Supervisory Board intends to propose that the dividend of DKK 3.60 per share be unchanged.

Ownership

As at 31 December 2001, Danske Trælast had 6,087 shareholders, of whom 87% were recorded in the company's register of shareholders. In 2001, a net increase of 343 shareholders was recorded.

Shareholders who wish to have their Danske Trælast shares registered must contact their own bank.

The following shareholders have notified the company that they hold 5% or more of the company's share capital:

• The Danish Labour Market Supplementary Pension Fund (ATP), Hillerød, Denmark	>5%
• A/S Forsikringsselskabet Codan, Coppenhagen, Denmark	>5%
• LD Pensions (LD), Copenhagen, Denmark	>5%
• Franklin Resources Inc., San Mateo, USA	>5%

The members of the Supervisory Board and Executive Board hold less than 0.1% of the company's shares. As at 31 December 2001, the company held 1.9% of its own shares. Out of this portfolio, 214,000 shares are reserved for full cover of the Group's stock option programme.

Between 10% and 20% of the company's shares are held by foreign investors.

Financial calendar

As announced earlier, the Supervisory Board has adopted the following timetable for the release of financial reporting:

20 February	2002	Announcement of financial results 2001
10 April	2002	Annual general meeting 2002
7 May	2002	Interim report for the three months ending 31 March 2002
22 August	2002	Interim report for the six months ending 30 June 2002
11 November	2002	Interim report for the nine months ending 30 September 2002

Announcements to the Copenhagen Stock Exchange in 2001 and 2002

30 January	2001	Danske Trælast takes over two small companies in Sweden
20 March	2001	Announcement of financial results 2000
30 March	2001	Danske Trælast takes over Rønde Tømmerhandel on Djursland
9 April	2001	Danske Trælast takes over Brønderslev Trælasthandel A/S
15 May	2001	Interim report for the three months ended 31 March 2001
15 May	2001	Annual general meeting in Danske Trælast A/S
28 May	2001	Danske Trælast A/S appoints new president in Sweden
15 June	2001	Danske Trælast expands in the Gothenburg area
28 August	2001	Interim report for the six months ended 30 June 2001
4 September	2001	Danske Trælast takes over Viborg Tømmerhandel
17 September	2001	Danske Trælast A/S sells Aksel Michelsens Eftf.
15 Oktober	2001	Neumann Bygg takes over Audna Bruk A/S
31 Oktober	2001	Danske Trælast A/S takes over Ramme Trælast A/S
1 November	2001	Executive Vice President Peer Voigt retires
15 November	2001	Interim report for the nine months ended 30 September 2001
11 January	2002	Revised financial calendar 2002

The printed annual report is expected to be available in mid-March.

Building material merchants in Denmark
DDT Detail

DKK million	1997	1998	1999	2000	2001	4th quarter 2000	4th quarter 2001
Net turnover	4,403	4,901	5,236	5,591	5,631	1,372	1,428
Adjusted operating profit	240	284	333	335	286	77	74
Adjusted operating profit as a percentage of turnover	5.5	5.8	6.4	6.0	5.1	5.6	5.2
Adjusted capital employed	974	1,025	1,110	1,210	1,199	1,210	1,199
Adjusted operating profit as a percentage of adjusted capital employed	25	28	30	28	24	25	25
Average number of employees	1,788	1,972	2,026	2,145	2,231		
Number of outlets	71	71	77	79	85		
Purchase price of goodwill	240	240	278	317	355		
Book value of goodwill	170	159	184	207	228		

See definitions in the text box on page 5.

Concept and position

DDT Detail is the Group’s largest division and is the market leader in Denmark. The division has a local profile and, as the only ones in the Group, the outlets do not use a chain name. A number of centralised departments create economies of scale and ensure efficiency in administrative routines and systems. In addition, these departments handle concept development, innovation, etc.

The product range comprises more than 600,000 items; of which only a minor proportion is stocked, while the rest can be procured within a relatively short period of time.

The division primarily consists of local building material outlets acquired over the years. Future growth in turnover and earnings will come from the development of existing services and the existing product range. The growth in the number of outlets will be limited as market coverage is generally good.

Performance in 2001

The market was characterised by instability since mid-2000, and the activity level varied significantly from month to month. There were also major geographic variations in the activity level, and Funen in particular was hit by a downfall in sales. Overall, this made it more difficult to determine when the division could best initiate activities to counter the fallback.

Turnover for 2001 was in line with the level in 2000 as the growth generated was attributable to new outlets. On the basis of statistics of building material sales, this reflected a minor increase in market share.

In the second half of the year, the division took a number of steps to adjust capacity to demand. The effect of most of these steps will be seen from 2002 – one of the major steps being a staff reduction by approximately 5%. The adjusted operating profit for 2001 was DKK 286 million, which was 15% lower than in 2000.

In 2001, DDT Detail took over four local building material merchants with six outlets, while a minor outlet in Bedsted was sold. The continued expansion of the distribution network is a natural consequence of the Group's strategy to create value for customers and suppliers as quick end-user access to products is important. Although new outlets were taken over, the division succeeded in keeping the adjusted capital employed at the same level as in 2000.

Future performance

In 2002, the division intends to work very proactively on developing its position in the value chain. We aim to optimise logistics and routines relative to suppliers and customers as well as in-house. In addition, we intend to continue to expand the centralised functions – among other things by introducing a new product manager organisation and central branding of cross-cutting concepts.

In early 2002, the division will market a revised version of its Internet-based customer service system. The system, which is now called "ByggePartner" is under constant development, and at present about 5,000 of our customers use the free service offered by the system. The latest version gives customers access to supplementary product information on more than 40,000 product items. The information can be used, among other things, to update product data and knowledge about the correct use of the products as well as for preparing quality assurance manuals for building projects. No other player in the industry offers such functionality, and the introduction of e-invoices directly to customers' industry-developed business system is an innovative new service.

The key to 2002 performance will be efficiency focusing on capital employment. In the longer term, the goal is to achieve key ratios corresponding to those recorded during the years 1999-2000.

Building material merchants in Finland
Starkki

(consolidated since 1 July 2000)

DKK million	6 months 2000	2001	4th quarter 2000	4th quarter 2001
Average exchange rate FIM/DKK	125,36	125,34	125,37	125,16
Net turnover	1,427	2,835	666	644
Adjusted operating profit	56	114	14	20
Adjusted operating profit as a percentage of turnover	3.9	4.0	2.1	3.1
Adjusted capital employed	259	235	259	235
Adjusted operating profit as a percentage of adjusted capital employed	43	49	22	34
Average number of employees	898	914		
Number of outlets	16	16		
Purchase price of goodwill	511	511		
Book value of goodwill	498	472		

See definitions in the text box on page 5.

Concept and position

Starkki became a division of the Danske Trælast Group on 1 July 2000 and was thus consolidated throughout 2001. Starkki is the second-largest player in Finland and operates 16 efficient building material outlets in strong locations centred around the growth centres of major Finnish cities. Average turnover per store was approximately DKK 175 million, which means that the stores are significantly larger than in the Group’s other divisions.

Starkki’s organisation is based on a chain concept including sales to both professional builders and private consumers, who account for 36% and 26% of turnover, respectively. Sales to industrial customers and retailers account for 38% of turnover. In addition to its own outlets, the division also operates the Rautanet franchise chain with 85 third-party distributors. This chain covers small Finnish towns, where it would not be profitable to open a Starkki unit; and Rautanet increases Starkki’s combined purchasing volume.

The store at Lappeenranta supplies products which are sold through the St. Petersburg sales office. Exports totalled DKK 66 million.

Starkki operates at a significantly lower gross margin than the other divisions, among other things because of the large sales to the Rautanet Chain and large direct deliveries from suppliers to end-customers.

The growth in Starkki will primarily take place through further development of the product range and concepts. Because of the size of the Finnish market, operating more than about 20 Starkki units in Finland, 3-4 more than today, would not be profitable. The division will primarily expand by establishing new stores as this would ensure optimal exploitation of the concept.

Performance in 2001

During the year, the relatively high level of activity in the Finnish market weakened so much that by December activity had fallen by more than 12%. This resulted in an overall stagnation in the Finnish market relative to 2000. Nevertheless, Starkki succeeded in generating 5.3% sales growth, which reflected an increase in market share. The division has thus increased its market share in each of the past five years.

In 2001, the division applied resources to segregate its IT system from the other companies of the Starckjohann Group, the group that Starkki was formerly a member of. In addition, resources were spent on the transition to the euro on 1 January 2002, and the transition took place without any problems.

Starkki recorded an adjusted operating profit of DKK 114 million, equivalent to 4% of turnover and 49% of adjusted capital employed. Both turnover and capital efficiency improved during the year, and Starkki continued to meet expectations expressed at the time of the takeover. The return on the investment is shown in the table below.

	DKK million
Adjusted capital employed	235
Goodwill, purchase price	511
Adjusted capital employed including goodwill	746
Adjusted operating profit 2001	114
Rate of return	15.3%
Properties	270
Value of the business on a debt-free basis	1,016
Rent charged	27
Depreciation of buildings	(16)
EBIT	125
Return on investment	12.3%

Future performance

The level of new building activity is expected to be lower in 2002, whereas renovation and maintenance is expected to increase by approximately 5%. Competition is expected to intensify, especially for private consumers, and because a foreign chain has opened its first store and announced its intention to open more.

Starkki's next store will open in Kuopio on 1 March 2002. Subsequently, the division will start upgrading its oldest facilities. Moreover, it is part of the Group's future strategy to expand Starkki into other countries.

Although Starkki has the highest capital efficiency of all Group divisions, management intends to continue its efforts to enhance capital efficiency in the division, while the ratio of profit to turnover is expected to be maintained at the current level.

Building material merchants in Sweden
Beijer Byggmaterial

DKK million	1997	1998	1999	2000	2001	4th quarter 2000	4th quarter 2001
Average exchange rate SEK/DKK	86,47	84,31	84,40	88,28	80,60	86,63	78,58
Net turnover	1,679	1,794	2,399	2,842	2,714	757	695
Adjusted operating profit	(3)	7	46	116	32	58	(11)
Adjusted operating profit as a percentage of turnover	-	0.4	1.9	4.1	1.2	7.7	(1.6)
Adjusted capital employed	197	208	326	382	393	382	393
Adjusted operating profit as a percentage of adjusted capital employed	-	3	14	30	8	61	(11)
Average number of employees	817	901	1,169	1,220	1,271		
Number of outlets	42	45	50	55	56		
Purchase price of goodwill	177	184	207	246	262		
Book value of goodwill	2	9	18	40	54		

See definitions in the text box on page 5.

Concept and position

The building material merchants in Sweden are organised in Beijer Byggmaterial, which was acquired in 1990. Since then, the division has expanded through the acquisition of some 20 outlets and, apart from a few areas, Beijer Byggmaterial now covers the entire Swedish market. There is growing competition for the private consumer group in the market as a number of new DIY stores have been announced in recent years, including by Silvan. Beijer Byggmaterial is the largest supplier of building materials in Sweden.

Performance in 2001

The demand for building materials in the Swedish market increased by approximately 2% in 2001, but as Beijer Byggmaterial’s same-store turnover did not increase, a minor loss of market share took place.

The performance of the individual local outlets varied again in 2001, but improvements and declines offset each other.

When comparing with performance in 2000, it should be noted that a distribution of DKK 64 million of SSP pension funds was recognised as income in 2000, whereas non-recurring costs of DKK 19 million were charged in 2001 for restructuring which has turned out to be necessary in outlets with poor earnings. When these items are taken into account, adjusted operating profit for 2001 was DKK 51 million, down from DKK 52 million in 2000.

In September 2001, Anders Wassberg was appointed new president of the Beijer Byggmaterial Division, and the new management group subsequently initiated comprehensive changes to the organisation. The changes made included a split of the organisation into three districts, each headed by a district manager. This will ensure more efficient internal follow up and knowledge sharing among the Beijer outlets.

As part of the work to improve the performance of Beijer Byggmaterial, an outlet in Gothenburg and one in Husqvarna were closed. The costs of closure are included in the above mentioned restructuring costs.

When taking into account the fall in turnover, the increase in capital employed during the year was not satisfactory, thus we will focus on a reduction in 2002.

Future performance

Beijer Byggmaterial's performance has been disappointing for a number of years as, contrary to expectations, the level of building activity has been very low.

In October 2001, management decided to take steps to adjust the organisation to the current weak market. The staff was reduced by approximately 10%, which will have a successive impact on the performance in 2002.

The new management is working intensely on developing the organisation. Externally, all efforts will focus on targeting the primary customer groups – local builders and contractors as well as private consumers.

The management is working hard to meet the targets for efficiency and return on capital fixed by the Group. A comprehensive, overall plan will be implemented under the name of BBC – "Beijer Business Concept". In the longer term, the Group expects that Beijer Byggmaterial will generate a return on adjusted capital employed equivalent to the level for DDT Detail, while the ratio of turnover to profit will be slightly lower as staff costs are higher in Sweden.

Building material merchants in Norway
Neumann Bygg

DKK million	9 months 1997	1998	1999	2000	2001	4th quarter 2000	4th quarter 2001
Average exchange rate NOK/DKK	93.38	88.77	89.43	91.86	92.61	92.67	93.36
Net turnover	493	572	570	605	610	159	155
Adjusted operating profit	25	7	14	8	8	1	0
Adjusted operating profit as a percentage of turnover	5.2	1.2	2.4	1.3	1.3	0.6	-
Adjusted capital employed	140	131	142	154	136	154	136
Adjusted operating profit as a percentage of adjusted capital employed	18	5	10	5	6	3	-
Average number of employees	230	240	237	240	238		
Number of outlets	7	9	9	9	8		
Purchase price of goodwill	138	140	140	140	140		
Book value of goodwill	133	0	0	0	0		

See definitions in the text box on page 5.

Concept and position

Neumann Bygg became a member of the Danske Trælast Group in 1997. The division operates in two geographically segregated areas of Norway, namely western Norway and northern Norway, corresponding to 25% of the total Norwegian market. Sales comprise building materials to builders, contractors, small industrial companies and consumers. To a certain extent, sales also include sales to distributors.

Since the acquisitions of Neumann Bygg it has been the Group’s ambition to expand in Norway, where the division currently has a position as number seven in the market. The Group monitors market developments closely and intends to participate in the consolidation of the Norwegian market, provided it can be achieved on terms creating long-term value for the Group.

The Neumann Bygg Division’s relatively small size already offers economies of scale from collaborations, primarily with the Group’s Danish building material merchants. As an example, Neumann Bygg today uses Group business systems developed in Denmark.

Performance in 2001

In 2001, Neumann Bygg was represented by eight outlets in western and northern Norway, as a minor branch in Andenes was sold at the beginning of the year. On 1 January 2002, the division took over two small outlets near Kristianssand in southern Norway.

Neumann Bygg's 2002 turnover was at the same level as in 2000. Recent years' efforts to achieve efficiency improvements resulted in an 0.4%-point increase in the gross margin and in costs being retained at the same nominal level as in 2000. The adjusted operating profit was DKK 8 million, the same as in 2000, as DKK 3 million of non-recurring costs were charged in 2001 relating to staff reductions. Adjusted for this, profit increased by 38%.

The division worked proactively to reduce stocks during the year, and this resulted in a satisfactory decline in adjusted capital employed.

Future performance

Management is working intensively to improve earnings. In addition to overhauling the product range and centralising certain functions, the division terminated 18 full-time employees with effect from 1 January 2002.

Today, Neumann Bygg does not have enough business activities relative to the costs of the division's central management, IT, etc. As a result, given its present size, the division will not be able to achieve the same profitability as the other divisions, but the Group expects the performance to improve. In the longer term, the target is a profitability, measured on turnover, at the same level as in Starkki but with capital efficiency below the level of the Group's other building material merchants. The latter is a result of the demographic and logistic conditions in Norway.

DIY stores
Silvan

DKK million	1997	1998	1999	2000	2001	4th quarter 2000	4th quarter 2001
Net turnover	1.126	1.334	1.393	1.486	1.658	369	416
Adjusted operating profit	47	77	91	88	98	15	17
Adjusted operating profit as a percentage of turnover	4.2	5.8	6.5	5.9	5.9	4.1	4.1
Adjusted capital employed	270	278	269	262	353	262	353
Adjusted operating profit as a percentage of adjusted capital employed	18	28	34	34	28	23	19
Average number of employees	745	834	861	877	992		
Number of stores*	36	37	38	41	46		
* Stores included in DDT Detail, Denmark	8	8	8	8	7		
Purchase price of goodwill	80	80	80	80	88		
Book value of goodwill	75	71	67	63	68		

See definitions in the text box on page 5.

Concept and position

Silvan is the primary brand name of the Group’s DIY arm. The division, which was started in 1968 and has generated constant growth since then, operates DIY stores with sales to private consumers. Many Silvan DIY stores were originally established through the expansion of the Group’s building material merchants in Denmark. Therefore, the division has extra coverage in a number of geographic locations.

Silvan is operated as a chain with a centralised management in Aarhus, Denmark. The division works specifically with retail methods – such as mass marketing – because the customers are anonymous unlike in the Group’s other divisions. Over the years, the Group has developed the Silvan concept into a strong brand which has become synonymous with the DIY industry. The Silvan DIY stores vary in size. The average sales area, excluding stock rooms, administrative premises and garden centres, etc., is approximately 2,400 square metres. Investments are regularly made in renovation and in new premises, and the concept is adapted to the market in a continuous process.

The first Swedish Silvan DIY stores were opened in 1997. Following a thorough adjustment of the concept, the foundation for profitable expansion is now in place. The division expects that the existing seven units will grow to about 20 with a turnover of close to DKK 1 billion in 2005.

Performance in 2001

The market for DIY-store products saw close to zero growth in 2001, which was equivalent to the same-store turnover in the Silvan Chain. Seven new stores were opened during the year: three in Denmark and four in Sweden. Including these new stores, turnover increased by 12%.

As Silvan's turnover showed a falling trend relative to expectations already in 2000, the division implemented a comprehensive cost-cutting programme in January 2001. These highly efficient efforts are a major reason for the highest profit recorded so far. Competition in the market remained keen with great focus on price.

A number of players have opened new DIY stores in Sweden. Silvan opened four new stores, which resulted in a 76% increase in turnover. Because of the strong expansion, an adjusted operating loss of DKK 10 million was recorded in Sweden, including the share of head-office costs in Denmark. All the stores opened before 2001 were operating at a profit.

Overall, Silvan recorded an adjusted operating profit of DKK 98 million.

Silvan is focusing strongly on employee development because a strongly motivated staff is a prerequisite for providing good service to the division's many customers. As part of this process, Silvan revised its management training programme. The first group of management trainees graduated in early 2001, and half of them has since then been promoted to department manager positions. The human resources efforts also resulted in a major reduction of staff turnover by 25%.

As expected, adjusted capital employed increased during the year as the many new stores required significant investments in stocks as well as in operating equipment.

Future performance

Silvan is virtually fully expanded in Denmark. The Group expects to open three new stores in Sweden in 2002. This will bring the number of Swedish stores to ten, which we believe will be sufficient to cover the chain costs. The division therefore expects operating profits in Sweden from 2003.

In 2002, Silvan will continue to assist the Group's building material merchants in targeting their secondary customers – private consumers – more systematically.

Running-in the new stores will be the key activity in 2002, and sales efforts will be strengthened in general. The Group expects that, in the longer term, Silvan will be able to retain its high return measured on turnover, whereas a more efficient supply of goods and fewer suppliers are expected to improve capital efficiency.

Import & Wholesale

DKK million	1997	1998	1999	2000	2001	4th quarter 2000	4th quarter 2001
Net turnover	1,683	1,700	1,653	1,788	1,779	408	404
Adjusted operating profit	58	51	52	54	29	14	4
Adjusted operating profit as a percentage of turnover	3.5	3.0	3.1	3.0	1.6	3.4	1.0
Adjusted capital employed	314	337	359	469	381	469	381
Adjusted operating profit as a percentage of adjusted capital employed	19	15	14	12	8	12	4
Average number of employees	337	355	391	447	464		
Number of outlets	14	14	10	13	12		
Purchase price of goodwill	19	19	27	48	41		
Book value of goodwill	3	3	10	29	21		

See definitions in the text box on page 5.

Concept and position

This division comprises the Group’s original activities in the form of import and distribution of building materials. Turnover is split equally with one-third to other Group divisions, one-third to third-party building material merchants and one-third to the furniture industry.

The Import & Wholesale Division coordinates jobs with the Group’s central purchasing department, including the Group’s office for eastern Europe in Vilnius, Lithuania. The head of the division is also Group Vice President – Purchasing.

The division comprises a number of companies, each of which specialise in a specific building material niche.

Performance in 2001

At 1 October 2001, one of the companies of the division, Aksel Michelsens Eftf. A/S, was sold to Vest-Wood A/S at a profit of approximately DKK 8 million. The division now comprises six companies with different product ranges.

Sales to in-house and third-party building material merchants failed to meet expectations. A decline was recorded for the traditional products of timber and boards, and performance of the natural stone activities was disappointing. Furthermore, timber prices declined measured in Danish kroner. Conversely, sales of wood floors and ceramic tiles increased. Overall, both sales and results were unsatisfactory for these activities in 2001, and major rationalisation efforts will therefore be implemented in 2002.

Sales of fittings to the furniture industry were on the increase, which also resulted in satisfactory profit growth. In 2001, a large extension was built to the warehouse facilities in Herning, Denmark, and the facilities now meet customer demand for quick delivery. Sales of wood, veneer and board products to the furniture industry were enhanced by the companies acquired in Sweden in late 2000. Unfortunately, turnover weakened in the last few months of the year, which resulted in a minor loss for the year as a whole.

Including Aksel Michelsen's Eftf. A/S for the first nine months of the year, the division's turnover was at the same level as in 2000 (DKK 1,779 million against DKK 1,788 million in 2000). Adjusted operating profit dropped from DKK 54 million in 2000 to DKK 29 million, which was not satisfactory. However, the division successfully reduced its stocks substantially during the year, achieving much lower-than-expected adjusted capital employed.

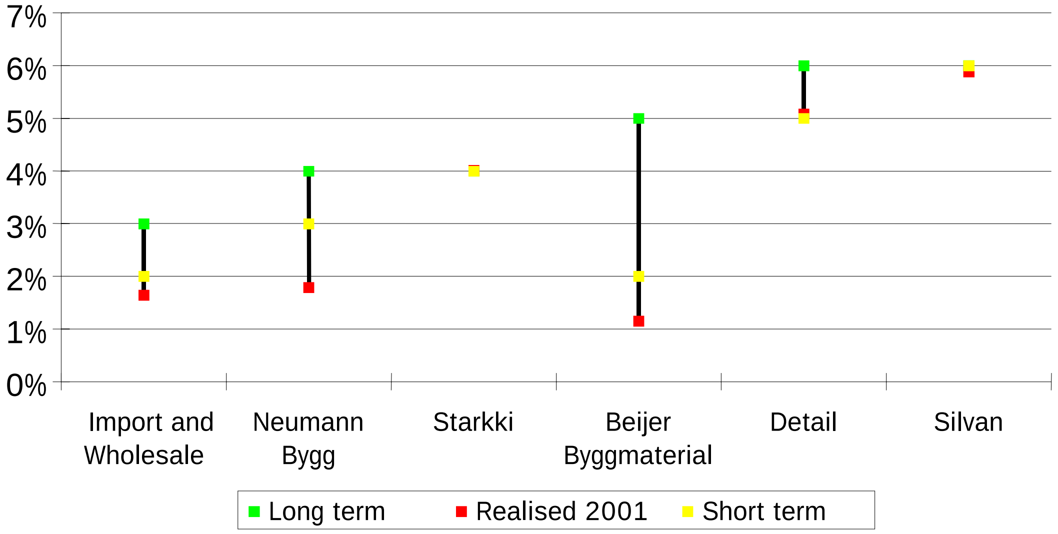
Future performance

The wholesale link is being squeezed on earnings vis-à-vis the building material merchants, and the division is focusing heavily on value-creating activities. In 2002, the division intends to continue to focus on efficiency improvements and on co-ordinating activities – for instance through a new shared IT system – and on high-quality supplies at the right prices. In the longer term, the target is to achieve an adjusted operating profit of about 3% of turnover, while it is a requirement that the return on capital must reach the Group's minimum target of 15%.

Financial targets

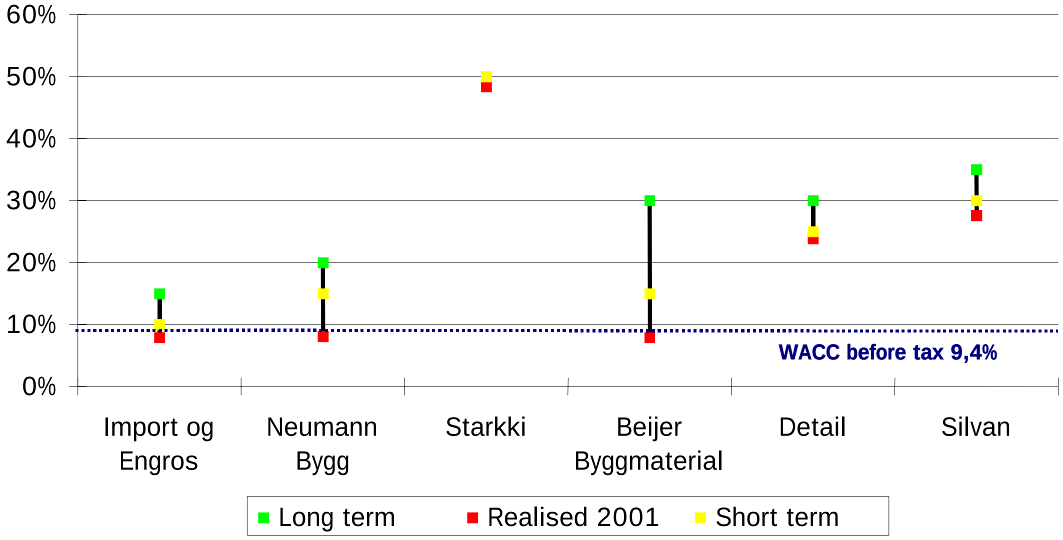
For competitive reasons, we do not publish gross profit figures for the individual divisions, and we do not publish any figures for the individual stores and outlets. In order to evaluate our internal efficiency targets, management has reviewed the result potentials of the individual divisions. The resulting short-term (1-3 years) and long-term (4-5 years) potentials are shown below.

Potentials for the development of vs. turnover



Potential for the development of adjusted operating profit

vs. adjusted capital employed



The potentials have been fixed on the basis of the Group's current knowledge of the market and competitive conditions, on best practice in the individual divisions and on structural differences from one division to another. Finally, the strategic plan and the effect of the measures defined in the plan were included in the reviews.

The long-term target for the operating margin in terms of adjusted operating profit as a percentage of turnover is 3% for Import & Wholesale's companies, 4% for Neumann Bygg and Starkki, 5% for Beijer Byggmaterial and 6% for DDT Detail and Silvan.

The Import & Wholesale companies are characterised by large average orders and low profit margins. Therefore, they are expected to achieve a maximum operating margin of 3%. Neumann Bygg is a small company relative to the Norwegian costs of the central management, IT, etc., and the margin is therefore expected to reach a maximum of 4%. This will also be the level for Starkki as this division has large direct sales to the Rautanet Chain and other customers. Beijer Byggmaterial is expected to have a potential of 5%, while DDT Detail and Silvan will have a potential of 6%, primarily because staff costs per DKK of sales are lower in Denmark than in Sweden.

In the long term, the Group expects that the maximum adjusted operating profit that can be achieved as a percentage of adjusted capital employed, excluding goodwill, will be 15% in Import & Wholesale, 20% in Neumann Bygg, 30% in DDT Detail and Beijer Byggmaterial, 35% in Silvan and 50% in Starkki. Accordingly, all divisions – except for Import & Wholesale – meet the Group's target return on capital of not less than 20% at divisional level (Plan 20b), and all divisions are expected to generate positive shareholder value.

Starkki's concept is highly capital efficient, partly as a result of the structure in sales and partly as result of the payment traditions in Finland. As Silvan sells on a cash basis, this division is able to provide a good return by Danish standards. DDT Detail, which offers credit to its customers as a significant part of the business platform, consequently generates a lower return on capital. In Sweden, payment traditions are more favourable than in Denmark, and Beijer Byggmaterial therefore has potential for generating the same return on capital, although the margins are lower relative to turnover. Neumann Bygg is too small to generate a return that is higher than the minimum target of 20%. Moreover, Norway is characterised by very difficult logistic conditions and a resulting need for large local stocks.

At Group level, Danske Trælast's financial goal is to create positive value to shareholders every year.

We would like to emphasise that the financial targets described above are the management's best estimates, but that not all divisions are expected to be able to achieve the maximum potential at once, for instance because of economic conditions. Moreover, the assumptions applied may change.

Financial review

The Group changed its accounting policies in 2001 to the effect that goodwill is now capitalised under intangible fixed assets and amortised through the profit and loss account, and that deferred tax assets are carried on the balance sheet. As at 31 December 2001, DKK 843 million had been capitalised in goodwill and DKK 11 million in deferred tax assets. Amortisation of goodwill charged to the profit and loss account amounted to DKK 52 million.

Profit and loss account

The Group posted an ordinary profit before tax and goodwill amortisation of DKK 462 million (2000: DKK 570 million). Extraordinary expenses after tax amounted to DKK 7 million against an income of DKK 1 million in 2000. Group profit for the year after tax and minority items was DKK 270 million (2000: DKK 346 million).

Net turnover increased by 11% from DKK 13,139 million in 2000 to DKK 14,639 million in 2001. Same-store turnover declined by 2%. Out of the year's turnover, DKK 6,622 million was attributable to turnover in foreign outlets and companies, while exports from Denmark, excluding sales to own companies abroad, amounted to DKK 307 million.

The gross margin dropped from 24.4% in 2000 to 23.7%, primarily as a result of a change in the mix of divisions.

Other operating income fell from DKK 90 million in 2000 to DKK 30 million. The fall can be explained by a DKK 64 million reversal of pension contributions from SPP in Sweden to Beijer Byggmaterial in 2000, which was recognised as income.

Staff and external operating expenses increased by 12% or DKK 279 million. This included expenses in new outlets and companies of DKK 151 million. Starkki is now included in the annual report for the full financial year.

The number of employees increased from 6,772 at the end of 2000 to 6,996 at 31 December 2001. The average number of full-time employees was 6,183 in 2001 (2000: 5,879).

The loss on debtors was DKK 1 million higher than in 2000. The loss in new outlets and companies was DKK 2 million. The loss on debtors also includes insurance of debtors, credit reports and debt collection expenses.

Depreciation comprises depreciation charged on buildings and operating equipment of DKK 211 million compared with DKK 193 million in 2000. As a result of the new accounting policy for capitalisation of goodwill, goodwill of DKK 52 million was amortised in 2001 (2000: DKK 51 million).

Net financial expenses increased by DKK 24 million, of which new outlets and companies accounted for DKK 7 million. The remaining increase was primarily attributable to financing of the Group's investment in new outlets and companies, primarily the investment in Starkki in mid-2000.

Corporation tax on the profit on ordinary activities for the year amounted to DKK 132 million, which was charged to the profit and loss account. The amount was paid in as tax on account in 2001. Under the Group's changed accounting policies, deferred tax assets are now recognised, which resulted in additional tax of DKK 7 million in 2000 and of DKK 11 million in 2001.

Ordinary profit after tax dropped by 20% to DKK 278 million (2000: DKK 347 million).

Extraordinary items after tax, comprising gains and losses on the sale of property, amounted to a net expense of DKK 7 million (2000: a net gain of DKK 1 million).

The profit attributable to Danske Trælast after tax and minority interests amounted to DKK 270 million (2000: DKK 346 million).

Cash flow statement

As a result of increased focus on adjusted capital employed, the cash flow from operating activities increased to DKK 548 million from DKK 482 million in 2000.

Investments totalled DKK 432 million in 2001 (2000: DKK 1,460 million). Net investments made during the year can be broken down into company acquisitions and divestments, amounting to a net investment of DKK 134 million, a net investment in property of DKK 142 million, and a net investment in operating equipment etc. of DKK 118 million. Moreover, the company acquired own shares worth DKK 14 million during the year.

After payment of dividend in respect of 2000 and repayment of long-term debt, the Group's net bank debt increased by DKK 251 million.

The Group's net interest-bearing debt totalled DKK 3,002 million, which is DKK 57 million less than in 2000.

Balance sheet

The Group's equity ratio was 38% at 31 December 2001 (2000: 36%).

Fixed assets increased by the year's net investments of DKK 340 million and were reduced by DKK 38 million due to currency translation of foreign assets at lower exchange rates and by DKK 212 million in depreciation for the year.

The land of the Group's property totals 3,344,000 square metres, and the buildings have a total floor space of 1,021,000 square metres. The book value of the Group's Danish property was DKK 1,467 million at 31 December 2001, whereas the officially assessed cash value at 1 January 2001 was DKK 1,594 million. The book value includes DKK 143 million for extensions and the like which are not included in the official valuation.

The Group has leased computer systems and vehicles for which total payments including maintenance, etc. amount to DKK 104 million over two to four years.

The parent company's interests in subsidiaries increased through acquisitions.

Stocks amounted to DKK 1,895 million at 31 December 2001 (2000: DKK 1,922 million). Adjusted for new outlets and companies, stocks fell by DKK 110 million.

Trade debtors fell by 2% to DKK 1,269 million. Adjusted for new outlets and companies, trade debtors fell by DKK 59 million.

Shareholders' equity increased in 2001 by the net profit for the year less 18% dividend to shareholders, equivalent to DKK 85 million. In addition, shareholders' equity increased by DKK 3 million due to the conversion of bonds into shares, and was reduced by DKK 16 million from a reversed revaluation of own shares. Currency translation of shareholders' equity in foreign subsidiaries, etc. reduced shareholders' equity by DKK 17 million.

Total assets increased from DKK 7,179 million at 31 December 2000 to DKK 7,229 million at 31 December 2001.

Exchange rates applied	**Average** (Used to translate profit and loss account figures)		**Year-end** (Used to translate balance sheet figures)	
	2001	2000	**2001**	2000
Finnish mark	**125.34**	125.36	**125.06**	125.52
Swedish kroner	**80.60**	88.28	**79.89**	84.51
Norwegian kroner	**92.61**	91.86	**93.24**	90.64

Profit and loss account

DKK million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Net turnover	14,639	13,139	7,445	7,367
Cost of goods sold	11,165	9,939	5,537	5,503
Gross profit	**3,474**	**3,200**	**1,908**	**1,864**
Profit before tax in subsidiaries			82	147
Other operating income	30	90	27	25
External operating costs	888	791	451	431
Staff costs	1,744	1,562	916	851
Loss on debtors	48	47	32	30
Depreciation	211	193	98	104
Operating profit	**613**	**697**	**520**	**620**
Financial income	62	55	47	47
Financial expenses	213	182	147	131
Ordinary profit before tax and goodwill amortisation	**462**	**570**	**420**	**536**
Tax on ordinary profit before goodwill amortisation	138	175	130	172
Ordinary profit before goodwill amortisation	**324**	**395**	**290**	**364**
Goodwill amortisation	52	51	18	18
Tax effect of goodwill amortisation	(6)	(3)	0	0
Ordinary profit	**278**	**347**	**272**	**346**
Net extraordinary items after tax	(7)	1	(2)	0
Group profit for the year	**271**	**348**	**270**	**346**
Minority interests	1	2		
Profit attributable to Danske Trælast	**270**	**346**	**270**	**346**

Proposed allocation of the profit for the year in the parent company:

Dividend for 2001, DKK 3.60 per share	85	85
Transfer to reserve for own shares	(4)	
Carry forward to next year	189	261
	270	**346**

DANSKE TRÆLAST A/S

Balance sheet

Assets as at 31 December	**Group**		**Parent company**	
DKK million	**2001**	**2000**	**2001**	**2000**
Fixed assets				
Intangible fixed assets:				
Goodwill	843	837	232	234
Total intangible fixed assets	**843**	**837**	**232**	**234**
Tangible fixed assets:				
Land and buildings	2,393	2,234	1,348	1,194
Plant and machinery	4	5	1	1
Operating equipment	268	319	91	149
Assets under construction	48	66	19	56
Total tangible fixed assets	**2,713**	**2,624**	**1,459**	**1,400**
Long-term financial assets:				
Interests in subsidiaries			1.650	1.544
Deferred tax	11	21		
Total long-term financial assets	**11**	**21**	**1,650**	**1.544**
Total fixed assets	**3,567**	**3,482**	**3,341**	**3.178**
Current assets				
Stocks:				
Goods for resale	**1,895**	**1,922**	**1,019**	**1.040**
Debtors:				
Trade debtors	1,269	1,298	647	619
Amounts owed by subsidiaries			148	251
Other debtors	160	144	79	73
Prepayments and accrued income	25	19	9	8
Total debtors	**1,454**	**1,461**	**883**	**950**
Own shares	**41**	**47**	**41**	**47**
Securities	**202**	**197**	**8**	**10**
Cash at hand and in bank	**70**	**70**	**16**	**43**
Total current assets	**3,662**	**3,697**	**1,967**	**2.091**
Total assets	**7,229**	**7,179**	**5,308**	**5.269**

Balance sheet

Liabilities and equity as at 31 December	**Group**		**Parent company**	
DKK million	**2001**	**2000**	**2001**	**2000**
Shareholders' equity				
Share capital	473	472	473	472
Share premium	37	35	37	35
Reserves	42	48	42	48
Retained profit	2,163	2,005	2,163	2,005
Shareholders' equity	**2,715**	**2,560**	**2,715**	**2,560**
Minority interests	10	9		
Group shareholders' equity	**2,725**	**2,569**		
Provisions				
Pension liabilities	13	10		
Deferred tax	146	146	44	38
Total provisions	**159**	**156**	**44**	**38**
Long-term liabilities				
Convertible bonds	0	6	0	6
Bank debt	540	824	529	811
Mortgage debt	903	936	817	826
Other creditors	136	136		
Total long-term liabilities	**1,579**	**1,902**	**1,346**	**1,643**
Current liabilities				
Bank debt	1,638	1,386	667	524
Mortgage debt	57	38	30	31
Trade creditors	445	471	78	51
Amounts owed to subsidiaries			48	8
Corporation tax	0	7	0	0
Other creditors	531	551	290	326
Accruals and deferred income	10	14	5	3
Dividend	85	85	85	85
Total current liabilities	**2,766**	**2,552**	**1,203**	**1,028**
Total liabilities	**4,345**	**4,454**	**2,549**	**2,671**
Total liabilities and equity	**7,229**	**7,179**	**5,308**	**5,269**

Group cash flow statement

DKK million	2001	2000
Operating activities		
Operating profit	613	697
Amortisation, depreciation and other non-cash items	203	176
Change in current assets and current liabilities	17	(147)
Cash flow from operating activities before financial items	833	726
Interest received	62	56
Interest paid	(210)	(182)
Cash flow from ordinary activities	685	600
Corporation tax paid	(137)	(118)
Cash flow from operating activities	**548**	**482**
Investing activities		
Acquisition of activities	(194)	(1,181)
Divestment of activities	60	
Amounts owed on divestment of activities	(24)	
Acquisition of tangible fixed assets	(363)	(314)
Disposal of tangible fixed assets	103	35
Acquisition of own shares	(14)	0
Cash flow for investing activities	**(432)**	**(1,460)**
Financing activities		
Dividend to shareholders	(85)	(82)
Shares issued		5
Net increase in long-term debt	(282)	502
Cash flow for financing activities	**(367)**	**425**
Total cash flow for the year	**(251)**	**(553)**
Net bank debt		
Net bank debt as at 1 January	1,119	578
Currency translation at 1 January	(10)	(12)
Unrealised market value adjustments of securities	6	0
Change in net bank debt during the year	251	553
Net bank debt as at 31 December	**1,366**	**1,119**
Net interest-bearing debt as at 31 December	**3,002**	**3,059**

Movements in shareholders' equity

The movements in shareholders' equity can be summarised as follows (DKK million):	Group	Parent company
Shareholders' equity as at 1 January 2001	**1,739**	**1,730**
Accounting policy changes regarding goodwill and deferred tax	830	830
Shareholders' equity as at 1 January 2001 after accounting policy changes	**2,569**	**2,560**
Capital increase on conversion of bonds	3	3
Reversal of revaluation of own shares	(16)	(16)
Currency translation, foreign subsidiaries, etc.	(17)	(17)
Profit for the year	186	185
Shareholders' equity as at 31 December 2001	**2,725**	**2,715**