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18 December 2006

Ref.: JSZ/til

## **Preliminary announcement of the Financial Statements for 2005/2006**

Today the Board of Per Aarsleff A/S has discussed and approved the audited Financial Statements of the Company for 2005/2006.

### ***Profit for the year:***

- The profit for the year came to DKK 110 million before tax.
- Consolidated revenue reached DKK 3,782 million.
- Construction contributes a result before interest at DKK 20 million.
- Pipe Technologies contributes a result before interest at DKK 50 million.
- Piling contributes a result before interest at DKK 57 million.
- Cash flow from operating activities less investments resulted in a liquidity drain of DKK 165 million.
- The Board of Directors recommends that the dividend be raised from 12% to 24% or DKK 4.80 per share. This corresponds to DKK 11 million.

### ***Outlook for the financial year 2006/2007:***

- The outlook for the coming financial year is for a profit before tax at DKK 120 million.

Palle Svejstrup  
Chairman of the Board

Ebbe Malte Iversen  
General Manager

### ***Further information:***

General Manager Ebbe Malte Iversen, Per Aarsleff A/S, tel. +45 8744 2222.



## Highlights and financial ratios for the Group (DKK '000)

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
<b>Income Statement</b>					
Revenue	3,016,907	3,119,796	2,957,704	3,416,024	3,781,589
Of this figure, work performed abroad	953,992	893,021	965,044	1,296,020	1,413,949
Foreign activities, including shares from associates	1,162,581	1,099,880	1,173,179	1,531,502	1,681,701
Profit on primary operations	71,339	37,188	69,806	66,790	113,967
Financials, net	-12,721	-17,491	-10,660	-9,379	-16,914
Profit before tax	66,654	21,002	68,157	59,755	110,206
Profit after tax	44,494	11,685	42,769	44,730	92,705
<b>Balance sheet</b>					
Long-term assets	790,441	723,315	763,604	841,718	1,006,813
Short-term assets	1,045,255	1,000,137	1,095,169	1,151,203	1,433,212
Total assets	1,835,696	1,723,452	1,858,773	1,992,921	2,440,025
Equity	747,666	736,136	772,160	825,399	912,140
Non-current liabilities	281,873	268,517	239,025	214,618	315,206
Current liabilities	806,157	718,799	847,588	952,904	1,212,679
Equity and liabilities in total	1,835,696	1,723,452	1,858,773	1,992,921	2,440,025
<b>Cash flow statement</b>					
Cash flows from operating activities	196,913	160,775	129,046	154,763	117,690
Cash flows from investing activities, net	-132,638	-51,423	-150,666	-128,128	-282,232
Of this figure, investment in property, plant and equipment, net	-130,917	-51,623	-144,582	-179,880	-223,468
Cash flows from financing activities, net	14,681	-17,512	-28,517	-41,770	78,659
Total cash flow	78,956	91,840	-50,137	-15,135	-85,883
<b>Financial ratios</b>					
Gross margin ratio, %	12.1	10.7	11.8	11.5	12.0
Profit margin (EBIT), %	2.4	1.2	2.4	2.0	3.0
Operating margin (before tax), %	2.2	0.7	2.3	1.7	2.9
Return on invested capital (ROIC), %	6.9	3.8	7.4	6.6	9.7
Return on equity (ROE), %	6.1	1.6	5.7	5.6	10.7
Equity interest, %	40.7	42.7	41.5	41.4	37.4
Earnings per share (EPS), DKK	21.48	5.69	20.98	21.78	44.80
Dividend per share, DKK	2.40	2.40	2.40	2.40	4.80
Number of employees	2,147	2,211	2,271	2,373	2,670

Financial ratios for the Group have been calculated in accordance with the "Recommendations and financial ratios of the Danish Society of Investment Professionals (2005)".

Highlights and financial ratios for 2004/2005 and 2005/2006 have been prepared in accordance with IFRS, cf. the paragraph "Changes to accounting policies as a consequence of adoption of IFRS". The comparative figures for 2001/2002, 2002/2003 as well as 2003/2004 have not been adjusted to the changed accounting policies but have been prepared in accordance with the previous accounting policies according to the Danish Financial Statements Act and Danish accounting standards.



## The year in brief

The consolidated profit for the financial year 2005/2006 is DKK 110 million before tax against DKK 60 million last year. The outlook was for a profit at DKK 106 million after recognition of the effect of applying the new IFRS accounting rules as well as changed accounting estimates concerning depreciation.

Revenue reached DKK 3,782 million compared to DKK 3,416 million in the previous financial year and is higher than forecasted at the beginning of the financial year.

The Danish part of revenue amounts to DKK 2,368 million against DKK 2,120 million last year. The foreign part of revenue amounts to DKK 1,414 million against DKK 1,296 million last year.

The profit for the year is DKK 93 million after tax. The low tax is partly the result of activities in countries with limited tax payment and partly because the tax from associates has already been recognised in the profit before tax.

Cash flows from operating activities with deduction of investments constitute a liquidity drain of DKK 165 million and are above the outlook expressed at the beginning of the financial year as a consequence of the acquisition of the ventilation company E. Klink A/S as well as a higher level of activity.

Construction contributes a result before interest at DKK 20 million, Pipe Technologies at DKK 50 million and Piling at DKK 57 million.

The Board of Directors is satisfied with the earnings performance. The total operating margin is 2.9% against 1.7% last year.

The Board of Directors recommends that the dividend be raised from 12% to 24% or DKK 4.80 per share. This corresponds to DKK 11 million.

The number of directly employed, full-time employees in the Group is 2,670 against 2,373 in the previous financial year.

## Financial development of the Aarsleff Group

### Accounting policies

The Annual Report for 2005/2006 is the first Annual Report prepared in accordance with IFRS. It has been decided to use IFRS both for the Financial Statements of the Parent Company and for the Consolidated Financial Statements. As a consequence of the change, the accounting policies have been changed in certain areas; cf. appendix 1

In connection with the change to IFRS, the estimated useful life of buildings, plant and machinery has been changed. This change influences the profit for the year with a positive DKK 7.9 million.

### Income statement

Consolidated revenue for 2005/2006 grew by DKK 366 million or 10.7% to DKK 3,782 million. This is above expectations expressed at the beginning of the financial year and is mainly due to a higher level of activity in Denmark.

Revenue for Denmark grew by DKK 248 million or 11.7% from 2,120 million to DKK 2,368 million. Work performed abroad increased by DKK 118 million in the financial year, from DKK 1,296 million to 1,414 million or by 9.1%. The increase in exports primarily concern Piling.

Production costs, which comprise direct and other production costs as well as depreciation on plant and profit from the sale of non-current assets, increased from DKK 3,024 to DKK 3,329 million or by DKK 305 million corresponding to 10.1%. The gross profit grew by DKK 60 million.

Administrative expenses and selling costs increased from DKK 326 to DKK 346 million or by DKK 20 million, corresponding to approx. 6%. Other operating income and expenses increased by DKK 7.4 million from DKK 0.5 million last year. The increase concerns a profit from the sale of land.

Profit on primary operations came to DKK 114.0 million against DKK 66.8 million last year.



The share of profit after tax in associates grew from DKK 2.3 million last year to DKK 13.2 million in the current year.

Financials, net is up from DKK 9.4 million to DKK 16.9 million as a consequence of a growing level of interest as well as an increased liquidity drain.

The profit before tax came to DKK 110.2 million against a profit at DKK 59.8 million last year.

Tax on the profit for the year amounts to DKK 17.5 million, corresponding to a tax rate at approx. 15.9%. Tax for the year is influenced considerably by activities in countries with limited tax payment, by tax on associates already having been recognised in the profit before tax, and by tax deductions for losses concerning a previously written down receivable on an associate. Tax for the year consists of a current tax expense of DKK 16.7 million and a tax expense of DKK 0.8 million in the form of adjustment of deferred tax and tax assets.

The consolidated deferred tax assets have been conservatively assessed in accordance with expectations of realising the assets by off-setting them against future earnings.

The consolidated profit for the year is DKK 92.7 million after tax against DKK 44.7 million last year.

### **Balance sheet**

The consolidated balance sheet total amounts to DKK 2,440 million at 30 September 2006. This corresponds to an increase of DKK 447 million compared to the DKK 1,993 million balance sheet total at the end of the previous financial year.

On the asset side the increase is attributable to long-term assets by DKK 165 million and to inventory and receivables by a total of DKK 239 million. Securities and cash grew by DKK 43 million.

Over the financial year the consolidated interest-bearing debt less assets grew from DKK 224 million to DKK 394 million or by DKK 170 million.

Equity amounts to DKK 912 million at 30 September 2006 against DKK 825 million at the end of the previous financial year.

### **Cash flow statement**

Cash flows from operating activities amount to DKK 118 million against DKK 155 million last year or a drop of DKK 37 million.

Cash flows concerning investments increased by DKK 154 million in the financial year. The increase is mainly the outcome of increased investments in plant and machinery as well as investments in subsidiaries.

Cash flows from financing activities have been positive as a consequence of raising long-term loans.

The change in liquidity for the year thus results in a liquidity drain of DKK 86 million.



## Segment results (DKK million)

The following table shows the three business areas of the Group: Construction, Pipe Technologies and Piling. The information in the table comprises the divisions of the Parent Company, all subsidiaries and shares of consortia. Associates are shown separately.

All directly attributable income and expenditure have been allocated to the respective areas. As the areas are supported by staff and joint functions in the Parent Company, comprising group management, administration, project development and design, and IT support, the costs connected to these functions have been allocated to the areas on the basis of their drain on the staff and joint functions.

Equity has been assessed as the value of the property, plant and equipment, subsidiaries, goodwill etc. as well as an allocation of other assets and liabilities. Capital expenditure comprises tangible and intangible additions including additions relating to business combinations.

The segment assets comprise the total assets of the Group less corporation tax receivable, securities and cash. Segment liabilities comprise the total liabilities of the Group less mortgage debt, credit institutions, corporation tax payable and deferred tax.

Activities Primary segment	Construction		Pipe Technologies		Piling		Group in total	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
Segment revenue	2,342	2,208	757	731	743	612	3,842	3,551
Internal revenue	-33	-98	-2	-2	-25	-35	-60	-135
Revenue	2,309	2,110	755	729	718	577	3,782	3,416
Of this figure, work performed abroad	469	448	428	428	517	420	1,414	1,296
Profit on primary operations	20	8	37	28	57	31	114	67
Profit on associates			13	2			13	2
Profit before interest	20	8	50	30	57	31	127	69
Financials, net							-17	-9
Profit before tax							110	60
Segment assets	1,168	934	531	490	562	405	2,261	1,829
Capital expenditure	121	104	59	36	88	40	268	180
Depreciation	68	60	25	30	43	36	136	126
Investments in associates			83	68			83	68
Goodwill	20	4	10	4	7	7	37	15
Equity at year-end	293	279	309	267	310	279	912	825
Segment liabilities	609	494	141	138	106	67	856	699
Number of employees:								
Paid every two weeks	1,261	1,202	236	212	310	213	1,807	1,627
Engineers, technicians and administrative staff	448	409	210	200	205	137	863	746
In total	1,709	1,611	446	412	515	350	2,670	2,373

Geographical Secondary segment	Denmark		Abroad		Group in total	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
Revenue	2,368	2,120	1,414	1,296	3,782	3,416
Segment activities	1,502	1,336	759	493	2,261	1,829
Capital expenditure	161	106	107	74	268	180

Segment assets and capital expenditure abroad comprise subsidiaries and joint ventures abroad.



## The past year in Construction

**The segment result is DKK 20 million before interest or 0.9% of revenue. The outlook for a result at almost 2% of revenue did not materialise. A selective order intake, adjustments and internal improvements create the foundation for growth in the result in the coming financial year**

Revenue grew to DKK 2,309 million, which is an increase of 9% compared to the previous financial year. This increase almost entirely concerns infrastructure works in Denmark which by far constitute the majority of the activities of the division. When it concerns road construction, energy supply, water supply and wastewater treatment plants the customers are mainly public authorities. An increasing amount of the public contracts are being privatised in part such as, for example, the communications area, electricity supply, operation of roads and certain public facilities as well as maintenance of railways. With a view to establishing a more efficient operation, public companies are separated into independent units, utility companies are merged and administrations are being reorganized. This constitutes a special challenge for the division's ability to adjust to new customer relationships and actively contribute to more cooperation related contract types that can optimize quality, economy and time.

In the big cities a number of big wastewater projects have been executed; two of these projects in Odense and Aarhus are especially distinctive. A slight increase in the employment is seen within the railway area; this is a consequence of a generally increased effort in repair and maintenance of the tracks. In Copenhagen the renovation of Copenhagen Central Station proceeds as planned and there is generally a high level of activity in the Copenhagen area. The activities within harbour construction are national and have been developing steadily. A motorway project at Odense was handed over on time and two other motorway projects in Jutland are being implemented.

In Southern Sweden two tunnel projects are in progress; Citytunneln in Malmö and a mountain tunnel at Falkenberg. Several minor construction projects in the Malmö area are progressing favourably, whereas repairs on a completed harbour project have put a strain on the finances/accounts. Other foreign activities comprise several overseas contracts in Africa, Asia and Central America, and we have a total of around 50 employees stationed abroad.

### Subsidiaries

Petri & Haugsted as has had onerous projects within the cable area caused by new contracts and an overheated market for installation of communication lines. The service works within the railway technical area have progressed steadily. The result is not up to expectations.

Wicotec A/S works with technical installations and has seen a satisfactory year in which the acquisition of the ventilation company E. Klink A/S has strengthened its position as a technical contractor. The level of activity has increased and the company is now among the major operators within the business.

Dan Jord A/S has had a good year within its main activities which are construction works, landscape gardening, paving works, district heating works and construction of football pitches, including heated pitches and the establishment of artificial grass pitches. The result is better than forecasted. In addition the company has had an extraordinary profit from the sale of land.

### The future

The work on improving the operating margin continues, partly by internal improvements and partly by a selective order intake. The volume of orders is normal for this time of the year and the level of activity for the coming year is expected to remain unchanged. The result before interest in the coming financial year is expected to amount to 2.5% of revenue.



## The past year in Pipe Technologies

**The segment result is DKK 50 million before interest or 6.6% of revenue and largely corresponds to expectations. Investments in new equipment and further technical improvements are to increase the use of cured-in-place lining. Reluctance on the part of the municipalities is expected to influence the Danish market**

Revenue grew to DKK 755 million corresponding to an increase of approx. 4% compared to the previous financial year. The Danish market is growing and here the frequency for use of cured-in-place lining is by far higher than in any other country in the world. The competition is keen, methods are further developed and the municipalities work progressively with new forms of cooperation, including early involvement of the contractor. These circumstances all contribute to greater efficiency and to the expansion of the market. However, the new municipal structures have resulted in a certain reluctance which is expected to continue in the first months of the coming financial year.

Over the financial year under review the planned investments in the factory in Hasselager were implemented. Now, all types of Aarsleff Tubes can be manufactured and the capacity has been increased. The forecasted advantages of a rationalization of the process of manufacture have been obtained. The installation area also saw improvements over the year. The department of development at the laboratory has been engaged in improving the material compositions included in the pipe wall and in the testing of new curing methods.

As previously mentioned Insituform Technologies, Inc. has brought actions against several of the companies in the Group as a consequence of Aarsleff terminating the license agreements two years ago. The proceedings take place in an American court of law. Following the initial proceedings we remain of the opinion that the claims are largely unwarranted. Given the circumstances, including a certain risk attached to the proceedings, we have made estimated provisions according to our usual principles.

In Latvia we have been awarded new contracts within water treatment and wastewater treatment during the financial year under review. As such we forecast a steady level of activity in the coming year in the Baltic region. In Russia the principal activities have relocated from St Petersburg to Moscow and the results are satisfactory. A production of glass-fibre reinforced pipe segments for internal lining of large sewer pipes is being established. This is the same method as the one that is currently used on a big, isolated contract in Colombo, the capital of Sri Lanka.

### Subsidiaries

In Poland we have seen an unusually good result due to major, one-off contracts in the Warsaw area. In Sweden the acquired subsidiary has been incorporated into the company, creating one powerful organisation. The company is progressing well and the result is better than forecasted. In Finland the result was less positive than expected, and efforts are continued to increase sales. The Italian company generated a loss and various forms of alliances that can improve the market access are being considered. In Germany we continuously operate as a 50% partner with Insituform Technologies, Inc., and both the revenue development and the result correspond to the outlook. On Taiwan the level of activity has been low and the result less than expected.

### The future

In the coming financial year the municipal reluctance together with increased competition is forecasted to have a temporary negative influence, and the level of activity will remain unchanged. The result before interest is expected to amount to 4.5% of revenue.



## The past year in Piling

**The segment result is DKK 57 million before interest which corresponds to 7.9% of revenue. This is an extraordinarily good result. Considerable investments in capacity increases and rationalization of production methods have been made**

Revenue grew to DKK 718 million. The result is extraordinarily good and is the outcome of a positive development of the foreign subsidiaries and one isolated foreign project. In Denmark there is presently a generally high level of activity within all types of foundation works. The development of central urban areas in which underground structures are to be built close to existing installations increase the need for cofferdams and deep foundations. On a number of jobs we have succeeded in performing this type of preparatory works under one contract such that the building contractor can concentrate on executing his standard services. We have invested in new equipment for anchor drilling as well as other equipment for the specialized department of geotechnical works. Due to the high level of the building activity all over the country, the piling area has seen a rush of business. The number of players in the market is on the rise, resulting in keen competition. At the factory in Vejle investments have been made as part of a further rationalization of the production process, and after the plant run-in period we can establish that the forecasted savings have been obtained. The factory supplies the Danish, Swedish and German markets.

### Subsidiaries

In Germany the pile foundation activity yielded a positive result for the first time in several years. Our foundation system is especially suitable for wind turbine foundation which has generated good employment over the financial year. Revenue has doubled over the last couple of years, and the reorganization that was implemented a couple of years ago has strengthened our position.

We have now been active in Sweden for three years. Revenue is increasing and the result is satisfactory. The market is characterised by a high level of activity. In Gothenburg we work out of a leased area with offices and a storage yard. We plan to continue building up an organization and establishing the best train of machines in the market at the same time.

Poland has seen a marked increase in employment. Revenue grew by a good 60% and there is a great demand. The investment in an existing pile factory in November 2005 and the subsequent modernizations have proven to be the right decision. The modernization continues into the new financial year. The field of railway electrification also saw a good level of activity, and the total result is better than expected at the beginning of the financial year. The organization has grown and is preparing to exploit the positive market trends further.

In England the level of activity in the housing market has dampened somewhat, and over the financial year under review we have focused on other areas; including wind turbines which are on the increase. The development of silenced pile driving equipment has proven a success and further investments are being planned. A growing share of the manufactured foundation piles is sold to other operators. The result corresponds to expectations.

### The future

We will invest in further rationalization of the pile factory in Poland. Efforts are made to utilize the advantages of large-scale operations which the common European standards of pile production will imply. The exchange of experience as well as the utilization of resources across frontiers will improve our ability quickly to adjust to local market trends. The result before interest in the coming financial year is forecasted to amount to approx. 6% of revenue, which is on a par with the year under review.



## Outlook for the financial year 2006/2007

The outlook for the coming financial year is for a profit before tax at DKK120 million.

The level of activity is expected to reach the level attained in the financial year 2005/2006.

Investments are expected to amount to DKK 180 million.

The relatively large infrastructure investments on the Danish construction market are expected to continue unchanged. However, the structural reform of the municipal sector is expected to put a damper on investments.

The extraordinarily high level of activity which contracting firms have experienced within the building industry does not apply to construction works to the same extent, as these are affected by the decisions of the public authorities to a relatively higher degree. Still, the rush of business within the building industry has caused a lack of engineers and semiskilled workers in the construction business too.

The use of partnering contracts and the further development of existing forms of cooperation are in great demand on the Danish construction market. Still more often, the contractor contributes to the design and planning phase of a project and helps create good and effective solutions for the customer. There is a tendency towards bigger and bigger projects with complete construction supplies, where the optimization of the solutions does not limit itself to the construction work but is a combination of the construction, maintenance and operation over an extended period of time.

The order intake for isolated contracts abroad is selective. In Eastern Europe Aarsleff continues the work on water supply projects in the Baltic states, Russia and the Ukraine. Overseas contracts are entered into within selected areas of activity.

The industrialisation of the activities within pipe rehabilitation and pile foundation continues, and the production and installation processes are improved. With a view to achieving growth through increased awareness of the methods and their application the marketing efforts on the international markets are carried on.

## Decisions by the Board of Directors and proposals to be presented at the general meeting

The Board of Directors makes the following proposals to the general meeting:

- That a dividend of DKK 10.9 million be paid, corresponding to 24% of the share capital.
- That the Board of Directors as previously be authorized, until the next ordinary general meeting, to allow the Company to acquire treasury shares within a total nominal value of 10% of the share capital of the Company; cf. Section 48 of the Danish Financial Statements Act. Payment must not deviate by more than 10% from the price listed on the Copenhagen Stock Exchange at the time of acquisition.

### Stock exchange announcements

28 November 2005	Wicotec A/S takes over Danish E. Klink A/S, Skovlunde
19 December 2005	Preliminary announcement of the Financial Statements for 2004/2005
22 December 2005	Aarsleff and E. Pihl & Søn A.S. to renovate Copenhagen Central Station
27 January 2006	Approval by the Annual General Meeting of the Financial Statements for 2004/2005
24 February 2006	Preliminary announcement of the Financial Statements for Q1 of 2005/2006
28 February 2006	Insider trading of Per Aarsleff A/S shares
17 May 2006	Preliminary announcement of the Financial Statements for H1 2005/2006
28 August 2006	Preliminary announcement of the Financial Statements for Q3 of 2005/2006
28 August 2006	Aarsleff enters into contract with DSB
18 December 2006	Preliminary announcement of the Financial Statements for 2005/2006

### Financial calendar

26 January 2007	Annual General Meeting is held at the Group headquarters, Lokesvej 15, Åbyhøj, at 15:00
1 February 2007	Dividend paid to shareholders
27 February 2007	Preliminary announcement of the Financial Statements for Q1 of 2006/2007
30 May 2007	Preliminary announcement of the Financial Statements for H1 of 2006/2007
28 August 2007	Preliminary announcement of the Financial Statements for Q3 of 2006/2007
19 December 2007	Preliminary announcement of the Financial Statements for 2006/2007



## Statement by the Management and Board of Directors

Today the Board of Directors and the Management have discussed and approved the Annual Report of Per Aarsleff A/S for 2005/2006.

The Annual Report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the selected accounting policies appropriate such that the Annual Report provides a true and fair view of the Group and the Parent Company assets, liabilities and financial position as at 30 September 2006 and of the result for the financial year 1 October 2005 to 30 September 2006 of the Group and Parent Company activities and cash flows.

The Annual Report is recommended for approval at the Annual General Meeting of shareholders.

Aarhus, 18 December 2006

### Management

Ebbe Malte Iversen  
General Manager

Lars M. Carlsen

### Board of Directors

Palle Svejstrup  
Chairman

Niels S. Møller

Jens Bigum

Carsten Fode

Boris Andersen  
Staff-elected

Leif Endersen  
Staff-elected

Jens. M. Jørgensen  
Staff-elected



## Consolidated income statement

1 October to 30 September (DKK '000)

	2005/2006	2004/2005
Revenue	3,781,589	3,416,024
Production costs	-3,329,436	-3,023,827
<b>Gross profit</b>	<b>452,153</b>	<b>392,197</b>
Administrative expenses and selling costs	-346,136	-325,923
Other operating income and expenses	7,950	516
<b>Profit on primary operations</b>	<b>113,967</b>	<b>66,790</b>
Share of profit after tax in associates	13,153	2,344
<b>Profit before interest</b>	<b>127,120</b>	<b>69,134</b>
Financials, net	-16,914	-9,379
<b>Profit after tax</b>	<b>110,206</b>	<b>59,755</b>
Tax on the profit for the year	-17,501	-15,025
<b>Profit for the year</b>	<b>92,705</b>	<b>44,730</b>

## Consolidated balance sheet

(DKK '000)

	30/9 2006	30/9 2005
<b>Assets</b>		
Intangible assets	43,101	18,902
Property, plant and equipment	874,379	750,641
Other long-term assets	89,333	72,175
<b>Long-term assets</b>	<b>1,006,813</b>	<b>841,718</b>
Inventories	106,642	94,184
Accounts receivable	1,156,331	930,083
Cash	170,239	126,936
<b>Short-term assets</b>	<b>1,433,212</b>	<b>1,151,203</b>
<b>Total assets</b>	<b>2,440,025</b>	<b>1,992,921</b>
<b>Liabilities and equity</b>		
<b>Equity</b>	<b>912.140</b>	<b>825.399</b>
Non-current liabilities	315.206	214.618
Current liabilities	1.212.679	952.904
<b>Total liabilities</b>	<b>1.527.885</b>	<b>1.167.522</b>
<b>Total liabilities and equity</b>	<b>2.440.025</b>	<b>1.992.921</b>

## Statement of changes in equity, Group

(DKK '000)

	2005/2006	2004/2005
Equity at the beginning of the period	825	770
Dividend paid	-5	-5
Treasury shares used as employee shares	0	14
Translation adjustment of investments in foreign subsidiaries and associates	-2	7
Exercise of share option agreements	0	-9
Translation adjustment concerning derivative financial instruments	1	1
Tax concerning entries on shareholders' equity	0	2
Transferred from the profit for the year	93	45
<b>Equity at year-end</b>	<b>912</b>	<b>825</b>



## Consolidated cash flow statement

1 October to 30 September (DKK '000)

	2005/2006	2004/2005
<b>Cash flow from operating activities</b>		
Profit before interest	127,120	69,134
Depreciation, amortisation and impairment losses	134,811	126,494
Other adjustments	-10,135	-15,605
Change in working capital	-100,413	-1,435
<b>Cash flow from operating activities before financials and tax</b>	<b>151,383</b>	<b>178,588</b>
Interest received	2,850	5,162
Interest paid	-19,764	-14,541
<b>Cash flow from ordinary activities</b>	<b>134,469</b>	<b>169,209</b>
Paid corporation tax	-16,779	-14,446
<b>Cash flow from operating activities</b>	<b>117,690</b>	<b>154,763</b>
<b>Cash flow from investing activities</b>		
Investments in subsidiaries	-53,928	0
Net investments in long-term assets	-228,304	-128,128
<b>Cash flow from investing activities</b>	<b>-282,232</b>	<b>-128,128</b>
<b>Cash flow from financing activities</b>	<b>78,659</b>	<b>-41,770</b>
<b>Change in liquidity for the year</b>	<b>-85,883</b>	<b>-15,135</b>
Opening liquidity	-130,522	-115,387
Change in liquidity for the year	-85,883	-15,135
<b>Closing liquidity</b>	<b>-216,405</b>	<b>-130,522</b>



## Changes to accounting policies as a consequence of the adoption of IFRS

This Annual Report is the first Annual Report prepared in accordance with IFRS. It has been decided to use IFRS both for the Financial Statements of the Parent Company and for the Consolidated Financial Statements. As a consequence of the change, the accounting policies have been changed in certain areas.

In connection with the change, IFRS 1 on first-time adoption of IFRS has been applied. According to this, the Opening Balance Sheet at 1 October 2004 and the comparative figures for 2004/05 have been prepared in accordance with the standards and interpretations applying as from 30 September 2006. The Opening Balance Sheet at 1 October 2004 has been prepared as had the standards and interpretations always been applied, except where the special transition and commencement provisions of IFRS 1, as described below, have been applied.

### Business combinations

For business combinations implemented before 1 October 2004, the exemption provisions of IFRS 1 have been applied, according to which the carrying amounts have not been adjusted according to the provisions of IFRS 3 on business combinations. Consequently, the carrying amount of goodwill calculated in accordance with the Group's previous accounting policies is used as new cost of goodwill in the Opening Balance Sheet under IFRS.

According to IFRS, goodwill should no longer be amortised, but should be subject to annual impairment tests as described in the paragraph on impairment of long-term assets. So far, goodwill has been amortised over the expected useful life.

In connection with the change to IFRS at 1 October 2004, the recoverable amount exceeds the carrying amount of goodwill, and therefore there has been no need for any provisions for impairment.

### Exchange adjustments concerning investments in foreign entities

As previously, exchange adjustments arising on the translation of income statements and balance sheets of foreign entities are recognised directly in equity in a separate reserve for exchange adjustments. At 1 October 2004, the Group has, in accordance with IFRS 1, chosen to zero this reserve, and consequently only exchange adjustments after 1 October 2004 will be separated as a separate reserve under equity.

### Recognition of investments in subsidiaries and associates in the balance sheet of the Parent Company

Investments in subsidiaries and associates are measured at cost in the Parent Company. Previously, these were recognised under the equity method. Dividend distributed in the financial year is now recognised as income in the income statement. Previously, only the proportionate share of the results of the enterprises was recognised.

Value adjustments from cost to net asset value, including the carrying amount of goodwill, are reversed in the balance sheets at 1 October 2004 and 30 September 2005. The share of the profit/loss for the year after tax as well as amortisation of goodwill is reversed in the profit/loss for 2004/05 and dividend, if any, is recognised as income.

### Share-based payment

The Group's expenses in connection with employee share schemes and share option plans are recognised in the income statement in accordance with IFRS 2 on share-based payment. So far, such expenses have been recognised directly in equity.

In accordance with the transition provisions of IFRS 2 and IFRS 1, the comparative figures for 2004/05 and previous years relating to cash-based share option plans which have been redeemed before 1 January 2005 have not been restated.

### Joint ventures

According to IAS 31 concerning joint ventures, the Group's joint ventures are classified as jointly controlled activities so that revenue and expenses as well as assets and liabilities relating to the jointly controlled activities are recognised both in the Financial Statements of the Parent Company and in the Consolidated Financial Statements according to the joint venture agreement.

So far, as a main rule proportional consolidation has been carried out with proportionate elimination of intercompany trade.

### Financial instruments

The provisions concerning financial instruments of IAS 32 and IAS 39 have been applied with effect from 1 October 2005 in accordance with the commencement provisions included in these standards and in IFRS 1.

**Reclassifications**

In addition to the change of accounting policies, the following reclassifications and changes have been made as regards format with restated comparative figures for 2004/2005:

- Other operating income and operating expenses have been reclassified from being part of profit/loss before interest to being part of operating profit/loss.
- Assets are presented as either long-term or short-term assets, against previously as fixed assets or current assets.
- Deferred tax assets are classified as long-term assets. So far, these have been classified as short-term assets.
- Deferred tax liabilities and guarantee obligations are no longer presented as a separate main item (provisions) in the balance sheet, but are included in long-term and short-term debt.
- The share of tax in associates is no longer recognised in "Tax on the profit/loss for the year", but is included in the item "Profit/loss after tax of associates".
- The main item "provisions" is left out as provisions are classified as either long-term or short-term debt depending on the expected due date. Deferred tax liabilities are recognised in long-term debt.
- A few other reclassifications within the balance sheet items have been made.

**Cash flow statement**

Cash and cash equivalents in the cash flow statement now solely comprise cash at bank and in hand as well as securities subject to an insignificant risk of changes in value. An insignificant risk is considered involved when the remaining period to maturity does not exceed three months. According to the previous accounting policy, cash and cash equivalents comprised all securities.

**Highlights and financial ratios**

Highlights and financial ratios for 2004/05 and 2005/06 have been prepared in accordance with IFRS. Highlights and financial ratios for the financial years 2003/04, 2002/03 and 2001/02 have not been restated according to the changed accounting policies in connection with the change to financial reporting under IFRS. These highlights and financial ratios have been calculated in accordance with the previous accounting policies and therefore correspond to the highlights and financial ratios stated in the Annual Report 2004/05.

Apart from the two changes mentioned above, the accounting policies are unchanged compared with last year.



The accounting effect of the change to IFRS is as follows:

DKK '000	Group			
	2004/2005	30 September 2005		
	Profit/loss for the year	Assets	Liabilities	Equity
Previous accounting policies	59,180	1,987,544	1,155,021	832,523
Goodwill, amortisation discontinued	5,377	5,377		5,377
Share-based payment, employee shares	-13,416			
Share-based payment, share options	-13,194		16,433	-16,433
Tax, associates	-4,621			
Tax, effect of adjustments	11,404		-3,932	3,932
<b>Total adjustments</b>	<b>-14,450</b>	<b>5,377</b>	<b>12,501</b>	<b>-7,124</b>
<b>Calculated under IFRS</b>	<b>44,730</b>	<b>1,992,921</b>	<b>1,167,522</b>	<b>825,399</b>

Cash flows are affected as follows:

DKK '000	Group		
	2004/2005		
	Previous accounting policies	Adjustments	Calculated under IFRS
Cash flows from operating activities	168,179	-13,416	154,763
Cash flows from investing activities	-177,829	49,701	-128,128
Cash flows from financing activities	-55,186	13,416	-41,770
<b>Change in cash and cash equivalents</b>	<b>-64,836</b>	<b>49,701</b>	<b>-15,135</b>