Investeringsselskabet
LUXOR A/S

Frederiksborggade 50, 1360 København K · Telefon 33 32 50 15 · Telefax 33 12 41 70 · CVR-nr. 49 63 99 10

ANNUAL REPORT

1 OCTOBER 2005 – 30 SEPTEMBER 2006

CVR No 49 63 99 10

(The Company's 33rd financial year)

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This is a free translation of the Danish version of the Annual Report.
In case of discrepancies the Danish version will be prevailing.

COMPANY INFORMATION

Company:

Investeringsselskabet Luxor A/S

Frederiksborggade 50

DK-1360 Copenhagen K

CVR No 49 63 99 10

Registered office: Copenhagen, Denmark

Telephone: +45 33 32 50 15

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E-mail: luxor@luxor.dk

Supervisory Board:

Frede Lund, Chairman

Flemming Pfingstl, CEO

Casper Moltke, Lawyer

Executive Board:

Svend Rolf Larsen, CEO

Audit:

PricewaterhouseCoopers, Statsautoriseret Revisionsaktieselskab

Mortensen & Beierholm, Statsautoriseret Revisionsaktieselskab

General Meeting:

The Annual General Meeting will be held on 31 January 2007 at 2.00 p.m. at Radisson SAS Scandinavia Hotel, Amager Boulevard 70, DK-2300 Copenhagen S.

Financial Calendar:

20.12.2006	Preliminary Announcement of Financial Results for the financial year 1 October 2005 – 30 September 2006
31.01.2007	Annual General Meeting of Investeringsselskabet Luxor A/S
28.02.2007	Announcement of Financial Results for the Period 1 October 2006 – 31 December 2006
23.05.2007	Announcement of Financial Results for the Period 1 October 2006 – 31 March 2007
31.08.2007	Announcement of Financial Results for the Period 1 October 2006 – 30 June 2007

MANAGEMENT'S STATEMENT

The Supervisory and Executive Boards have today considered and adopted the Annual Report of Investeringsselskabet Luxor A/S for the financial year 1 October 2005 - 30 September 2006.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

We consider the accounting policies applied appropriate, so that in our opinion the Annual Report gives a true and fair view of the financial position at 30 September 2006 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 2005/06.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 December 2006

Executive Board:

Svend Rolf Larsen

Supervisory Board:

Casper Moltke | Frede Lund | Flemming Pfingstl

AUDITORS' REPORT

To the Shareholders of Investeringsselskabet Luxor A/S

We have audited the Annual Report of Investeringsselskabet Luxor A/S for the financial year 1 October 2005 - 30 September 2006, prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish requirements for annual reports of listed companies.

The Annual Report is the responsibility of Company Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of Opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes assessing the accounting policies applied and significant estimates made by Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the financial position at 30 September 2006 of the Group and the Parent Company and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 October 2005 - 30 September 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish requirements to the Annual Report.

Copenhagen, 20 December 2006

Mortensen & Beierholm
Statsautoriseret Revisionsaktieselskab

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Arne Skouboe
State Authorised
Public Accountant

Peter Davidsen
State Authorised
Public Accountant

Bo Madsen
State Authorised
Public Accountant

FINANCIAL HIGHLIGHTS OF THE GROUP

DKK million	2005/06	2004/05	2003/04	2002/03	2001/02
	OCTOBER – SEPTEMBER				
Key figures					
Gross earnings	323.0	387.7	190.4	175.8	17.4
Profit/loss before tax	299.9	328.1	165.1	161.1	-7.4
Net profit/loss for the year	328.8	270.4	122.2	122.0	-4.4
Assets	2,305.3	1,735.9	1,262.5	1,112.8	1,015.0
Equity	1,050.4	756.6	516.3	452.1	340.0
Proposed dividend for the year	35.0	20.0	20.0	50.4	10.5
Extraordinary dividend paid	15.0	10.0	10.0	0.0	0.0
Profit/loss for analytical purposes:					
Net profit/loss for the year (after tax for the year)	328.8	270.4	122.2	122.0	-4.4
Tax relating to previous years	+0.4	0	+0.4	-0.1	+0.5
	329.2	270.4	122.6	121.9	-3.9
Ratios					
Values per DKK 100 share					
Earnings per share (EPS) (DKK)	329.21	270.44	122.63	121.96	-3.87
Net asset value per share in circulation (DKK)	1,050.41	756.56	516.28	452.09	340.04
Return on equity in percentage p.a.	36.44	42.50	25.33	30.79	-1.10
Equity share in percentage	45.56	43.58	40.89	40.63	33.52
Dividend per share (DKK)	50.00	30.00	30.00	48.00	10.00
Share capital					
Nominal share capital, end of year (DKK million)	100.0	100.0	100.0	105.0	105.0
Number of shares in circulation (DKK million)	100.0	100.0	100.0	100.0	100.0
Official price on the Stock Exchange per DKK 100 share:					
Lowest	1,000	642	435	270	255
Highest	1,490	1,245	620	445	340
End of year	1,330	1,200	620	430	320
Volume of trade on the Stock Exchange, number of shares	60,260	60,173	20,858	16,152	68,948
Listed on the Stock Exchange, number of shares	825,000	825,000	825,000	875,000	875,000

The Financial Highlights have been calculated in accordance with IFRS as adopted by the EU based on the provisions of the Danish Financial Statements Act and Danish Accounting Standards. Comparative figures for 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, but have been calculated in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act and Danish Accounting Standards. The difference between financial reporting under the Danish Financial Statements Act and under IFRS is immaterial as regards results and equity.

The ratios have been calculated in accordance with ”Recommendations and Ratios 2005” issued by the Danish Society of Financial Analysts as well as IAS 33.

MANAGEMENT'S REVIEW FOR INVESTERINGSSELSKABET LUXOR A/S

The Group's activity consists of investments in securities and properties.

The Group's profit before tax amounts to DKK 299.9 million (DKK 328.1 million). After having taken reversal of deferred tax, DKK 28.9 million (DKK -57.6 million), into account, the Group's net profit for the year amounts to DKK 328.8 million (DKK 270.4 million). The Group's profit before tax is in line with the most recent notification to the Stock Exchange of 20 November 2006, estimating a profit before tax of DKK 299.9 million, and exceeding the expected amount of DKK 69.0 – 74.0 million stated in the latest Annual Report.

The profit of the Group is significantly affected by positive fair value adjustments of shares. After elimination of these and of value adjustments of bonds, foreign exchange movements, profit on sale of real property and fair value adjustment of debt, basic earnings before tax amount to DKK 37.3 million (DKK 33.5 million), which is in line with the original expectation of basic earnings of approx. DKK 37.0 – 42.0 million as stated in last year's Annual Report. The increase in basic earnings compared with last year is primarily attributable to an increase in the level of activity within mortgage deeds and corporate bonds as well as the receipt of more dividends. Like last year, basic earnings are influenced by a number of profit-related remunerations.

Return on equity after tax for the year amounts to 36.4% (42.5%). In view of the material short-term volatility of fair value adjustments, the Company is of the opinion that return on equity should be assessed as an average over 2 to 3 years. The average return on equity after tax for the last 2 and 3 years amounts to approx. 39.5% and 34.8%, respectively.

Mortgage Deeds

The Group holds a mortgage deed portfolio of DKK 323.4 million (DKK 292.8 million). The Company's mortgage deed portfolio is distributed on DKK 244.7 million fixed-rate mortgage deeds and DKK 78.7 million floating-rate cibor mortgage deeds. Irrespective of term to maturity and the present market rate for new mortgage deeds of approx. 6.75% - 8.5% p.a., the Company's portfolio of fixed-rate mortgage deeds is valued on the basis of an effective interest rate of 8.5% p.a. (8.5% p.a.). Fair value adjustment of mortgage deeds is a negative DKK 4.7 million (last year a positive DKK 1.1 million), which is recognised in fair value adjustment of financial assets.

The nominal amount of the mortgage deed portfolio has increased from DKK 302.2 million to DKK 336.6 million. The increase covers additions of DKK 210.2 million and redemptions of DKK 175.8 million. Compared with last year, the Company saw a continued high, but decreasing, rate of redemption of the mortgage deed portfolio. The rate of redemption combined with an increased level of acquisitions resulted in an increase of the mortgage deed portfolio. The mortgage deed market is still characterised by keen competition, in which pricing does not always include the possibility of a negative development as regards the future rate of redemption and loss-development.

A certain increase of the mortgage deed portfolio is expected in the coming year as a consequence of a decreasing rate of redemption.

The prices of freehold housing must be assumed to have been considerably supported by the continued low level of interest rates and the possibility for individuals of obtaining up to 10 years' exemption from repayment on mortgage loans. The past financial year saw a considerable increase in the number of houses for year-round occupancy and holiday houses offered for sale. The present level must be assumed primarily to affect the rate of price increases, which has so far been very high.

Losses and direct expenses show improvement from an income of DKK 2.8 million to DKK 3.4 million. The item includes an increase of the provision for losses on mortgage deeds of DKK 0.4 million (DKK +1.8 million), so that the total provision amounts to DKK 5.2 million (DKK 4.8 million), corresponding to an unchanged 1.6% of the portfolio. Bad debts recovered amount to DKK 5.8 million (DKK 3.7 million) and are influenced by receipt of major amounts in respect of a number of written-off claims.

For an assessment of the Group's mortgage deed portfolio, it can be stated that the average market value per mortgage deed is kDKK 291 (kDKK 217).

The mortgage deed portfolio is distributed on the following types of property:

	2005/06	2004/05
Single-family houses	39.6%	40.4%
Freehold flats	5.7%	5.1%
Holiday houses	5.3%	6.7%
Disused farms	3.8%	5.6%
Residential and business properties	8.8%	11.5%
Farms	3.1%	3.6%
Rental properties	23.8%	16.0%
Trade and industry	7.0%	8.6%
Other	2.9%	2.5%
Total	100.0%	100.0%

The average term to maturity of the mortgage deed portfolio before extraordinary and premature repayments is estimated at approx. 12.5 years (11.5 years).

Bonds

The Group holds a portfolio of bonds of DKK 474.9 million (DKK 280.2 million).

The Group's portfolio of bonds consists primarily of investment in foreign corporate and government bonds with a rating that is lower than investment grade. The Group's portfolio of bonds is characterised by an overweight of securities with a relatively short to medium term to maturity.

The portfolio of bonds is distributed as follows:

	2005/06		2004/05	
	DKK million	% of portfolio	DKK million	% of portfolio
Government bonds	19.7	4.1%	49.0	17.5%
Corporate bonds	455.2	95.9%	229.7	82.0%
Mortgage credit bonds	0.0	0.0%	1.5	0.5%
	474.9	100.0%	280.2	100.0%

The portfolio of government bonds comprises bonds issued by the Philippine and Venezuelan States in USD and EUR. Bonds in USD are subject to full currency hedging.

The portfolio of bonds is distributed on 30 issuers with an average amount per issuer of DKK 15.8 million.

The portfolio of bonds is distributed on the following currencies:

	2005/06		2004/05	
	DKK million	% of portfolio	DKK million	% of portfolio
USD	291.5	61.4%	148.3	52.9%
EUR	150.8	31.8%	125.9	45.0%
NOK	22.5	4.7%	4.5	1.6%
DKK	10.1	2.1%	1.5	0.5%
	474.9	100.0%	280.2	100.0%

After the balance sheet date and until now, the Group has seen negative fair value adjustment of bonds of DKK 6.7 million and realised gains of DKK 9.1 million. The fair value adjustment and gain include an exchange loss of DKK 11.3 million, which is subject to full currency hedging.

The Company expects an increase of the portfolio of bonds in the coming year, primarily as regards securities with a short to medium term to maturity.

Shares

The Group holds a portfolio of shares of DKK 1,282.8 million (DKK 869.4 million).

Based on the present interest rate level, the Company is of the opinion that long-term investment in shares represents a competitive yield compared with interest-bearing papers despite considerable short-term fluctuations. Long-term means that the Group is typically interested in capital investments with a time frame of 5 - 7 years or longer.

Tax on the profit for the year is considerably influenced by reversal of deferred taxes on equity investments held for more than 3 years.

The total return on the portfolio of shares for the year, excl. exchange losses, is specified as follows:

Return on shares DKK million	2005/06	2004/05
Dividends received....................	21.3	10.9
Realised capital gains on shares	79.9	14.6
Fair value adjustment................	154.4	283.1
	255.6	308.6

With average tied-up capital of DKK 1,137.1 million (DKK 651.9 million), the return for the year amounts to 22.5% (47.3%). For comparison, Morgan Stanley's MSCI – World Index amounts to 8.6% (22.9%) calculated on the basis of Danish kroner.

Compared with Morgan Stanley's MSCI – World Index in Danish kroner, the Company's return on investments in shares during the last 7 years – excl. exchange rate fluctuations, which have on the whole been hedged – has been as follows:

Year	Return obtained	MSCI in DKK
1999/00	19.7%	30.9%
2000/01	-1.8%	-31.1%
2001/02	-9.7%	-25.0%
2002/03	41.7%	6.1%
2003/04	25.2%	10.1%
2004/05	47.3%	22.9%
2005/06	22.5%	8.6%
Total	144.9%	22.5%

After the balance sheet date and until now, the Group has seen positive fair value adjustment on the portfolio of shares of DKK 70.2 million. The fair value adjustment includes an exchange loss of DKK 15.0 million, which by and large has been hedged.

The Company's 20 largest shareholdings at 30 September 2006 – totalling 1,084.4 million, corresponding to 84.5% of the portfolio – are specified as follows:

	DKK million		DKK million
Ashtead Group PLC	116.9	Soco Int.	49.1
El Paso Corp.	80.3	Credit Suisse Group	45.9
Zürich Financial Services AG	77.9	Aviva PLC	45.2
JKX Oil & Gas PLC	72.5	American Int. Group Inc.	42.9
Williams Inc.	70.3	Orkla ASA	39.4
ING Group	58.2	ConocoPhillips	38.6
Topdanmark A/S	56.8	Prudential Plc.	36.5
DSV A/S	56.6	YRC Worldwide Inc.	32.7
Royal Bank of Scotland	55.7	Tyco Int. Inc.	28.9
Unicredito Italiano	51.2	Baloise Holding AG	28.8

The Company's 20 largest shareholdings at 30 September 2005 – totalling DKK 774.1 million, corresponding to 89.0% of the portfolio – are specified as follows:

	DKK million		DKK million
Ashtead Group PLC	157.6	ING Group	26.8
Williams Inc.	77.6	Calpine Corp.	25.7
JKX Oil & Gas PLC	52.7	Credit Suisse Group	24.7
El Paso Corp.	51.7	Soco Int.	24.6
DSV A/S	46.1	Orkla ASA	23.5
Zürich Financial Services AG	42.3	Metso OYJ	20.5
Bay. Hypo & Vereins Bank AG	36.7	Aviva PLC	20.4
Topdanmark A/S	34.6	Royal & Sun Alliance PLC	20.2
Wellpoint Inc.	28.2	Autoliv	17.5
American Int. Group Inc.	26.9	Royal Bank of Scotland	15.8

The distribution of the portfolio of shares on lines of business is as follows:

	2005/06		2004/05	
Line of business	DKK million	% of portfolio	DKK million	% of portfolio
Bank/insurance	541.6	42.2%	285.6	32.9%
Trade & service	148.6	11.6%	167.0	19.2%
Industry	143.9	11.2%	101.6	11.7%
Shipping/transport	89.4	7.0%	46.1	5.3%
Oil/energy	310.8	24.2%	232.3	26.7%
Health	42.0	3.3%	28.2	3.2%
Media	6.5	0.5%	5.5	0.6%
Contractors	0.0	0.0	3.1	0.4%
	1,282.8	100.0%	869.4	100.0%

The distribution of the portfolio of shares on currencies is as follows:

Currency	2005/06 DKK million	2005/06 % of portfolio	2004/05 DKK million	2004/05 % of portfolio
DKK	121.4	9.5%	91.6	10.5%
SEK	46.1	3.6%	45.2	5.2%
GBP	390.6	30.4%	309.5	35.6%
EUR	150.1	11.7%	93.4	10.7%
USD	382.6	29.8%	225.9	26.0%
NOK	39.4	3.1%	36.8	4.2%
CHF	152.6	11.9%	67.0	7.8%
	1,282.8	100.0%	869.4	100.0%

During the financial year, shares placed in USD have been subject to almost full currency hedging, while approximately one third of the shares in GBP have been hedged. This still applies.

The level of the Company’s investment in shares in the coming year is expected to be increased to a minor extent, only.

Rental properties

The Group’s balance sheet includes 8 rental properties with a fair value of DKK 197.9 million (DKK 267.6 million).

In the financial year, the Group sold a minor part of the property at Voerbjergvej 36-40, Nørresundby for DKK 3.3 million, which affected results positively by DKK 2.2 million. Moreover, the Group’s properties situated at Geminivej 24, Greve and Amagertorv 17, Copenhagen were sold for DKK 92.0 million. The sale of the latter two properties affected results positively by DKK 16.7 million. All the transactions were finally concluded in the past financial year.

As to the Group’s total portfolio of rental properties, which after the sale comprises approx. 48,775 m2 (approx. 56,900 m2), it can be stated that at 1 October 2006, the lease rate in m2 is 88.6% (82.1%). In the financial year, the Group has had average floorage vacancy of approx. 14.3% (16.2%), corresponding to lost rental income of approx. DKK 1.8 million (DKK 2.6 million). Comparison of lost rental income with obtainable rental income shows average rental vacancy of approx. 9.0% (10.0%).

Total direct expenses for the operation of the properties have this year increased from DKK 4.5 million to DKK 4.7 million. The increase is primarily attributable to the fact that the need for maintenance work has increased from DKK 1.2 million to DKK 1.8 million. The fair value of the Group’s property portfolio corresponds to a net yield of approx. 8.4% (8.3%) calculated as expected rental income at full lease less expected operating expenses.

Fair value adjustment of the properties amounts to DKK 4.9 million (8.1 million).

The Group's portfolio of rental properties is distributed on the following types as at 30 September 2006:

	Million	Yield range
Office/shop	20.2	6.75 - 6.75%
Warehouse/production/office	177.7	8.00 - 9.10%
Total	197.9	6.75 - 9.10%

The Group's portfolio of rental properties is distributed on the following types as at 30 September 2005:

	Million	Yield range
Office/shop	55.3	5.00 - 7.00%
Warehouse/production/office	212.3	8.25 - 9.40%
Total	267.6	5.00 - 9.40%

With the present price-level of properties, the portfolio is not expected to be increased, unless particularly interesting possibilities should arise.

Financing and debt

The fair value of the Group's long-term debt to credit institutions amounts to DKK 1,071.1 million (DKK 710.8 million). After conversion by means of matching forward contracts, the debt is distributed as follows:

Currency	2005/06	2004/05
CHF	32.96%	41.06%
JPY	12.69%	14.72%
EUR	7.64%	8.33%
DKK	7.38%	15.42%
USD	37.67%	19.81%
NOK	1.66%	0.66%
	100.00%	100.00%

In the financial year, the Group extended the fixed-interest period of a total of DKK 100.0 million by 6.5 years as well as the CHF equivalent of DKK 30.0 million at fixed interest over 5.5 years. Moreover, the CHF equivalent of DKK 50.4 million as well as DKK 38.0 million were extended with a fixed rate of interest for a period of

7 years. The total raising of fixed-interest loans, excl. mortgage credit loans, subsequently amounts to approx. DKK 500 million, with fixed-interest periods of up to approx. 6.5 years (7 years) at present.

Finally, during the financial year the Group raised approx. DKK 13.5 million mortgage credit loans based on 5% bonds with expiry in 2028.

Fair value adjustments of mortgage debt as well as debt to credit institutions make up an unrealised gain of DKK 17.2 million against an unrealised loss of DKK 4.8 million in the last financial year.

In the light of the present balance sheet total and the interest rate level on foreign currencies, the Company has chosen to maintain an overweight of the financing in foreign currencies. Therefore, a number of the fixed-interest krone loans are still converted into CHF loans. The effect of this is included in the above currency distribution. The USD share of the above-mentioned distribution solely refers to the hedging of assets in the same currency.

The net movement for the year deriving from exchange adjustments of foreign loans, securities, etc amounts to a net loss of DKK 2.4 million (net loss DKK 14.7 million). The financing in foreign currencies is assessed to be advantageous in the long term despite periodic fluctuations.

In view of the fact that a considerable part of the Group's assets is placed in foreign currencies, it can be stated that the Group's total currency exposure in respect of assets and liabilities is distributed as follows:

	30 September 2006		30 September 2005	
Currency	Assets %	Liabilities %	Assets %	Liabilities %
DKK	29.5%	39.8%	39.1%	47.0%
GBP	16.9%	6.1%	17.8%	7.8%
EUR	13.0%	3.5%	11.9%	3.4%
SEK	2.0%	0.0%	2.6%	0.0%
NOK	2.7%	0.8%	2.8%	0.3%
CHF	6.6%	15.3%	3.9%	16.5%
USD	29.3%	28.6%	21.9%	19.2%
JPY	0.0%	5.9%	0.0%	5.8%
	100.0%	100.0%	100.0%	100.0%

Risk relating to equity and market values upon change of parameter

The below table shows the sensitivity of a number of significant balance sheet items at 30 September 2006 and 30 September 2005:

DKK million	Change of parameter	2005/06 Fair value	2005/06 Change of value	2004/05 Fair value	2004/05 Change of value
Mortgage deeds	1% effective rate of interest	323.4	14.2	292.8	14.8
Rental properties	0.5% yield requirement	197.9	11.1	267.6	15.1
Bonds	1% effective rate of interest	474.9	17.0	280.2	11.7
Shares	10% change in value	1,282.8	128.3	869.4	86.9
Foreign currency loans	10% change in value	731.1	73.1	601.2	60.1

It should be added that if the above parameters were to develop negatively due to an increase in interest rates, this would be counterbalanced by a certain reduction of the cash value of mortgage credit loans and other fixed-interest loans raised. A 1% change in interest rates on the part of the Company's financing which is not raised at a fixed interest rate over a multi-year period will affect the profit for the year before tax by approx. DKK 5.1 million on an annual basis.

Dividend, repurchase of own shares and other capital issues

Based on an overall assessment of results for the year, existing budgets, etc, the Supervisory Board has decided to propose the distribution of a final dividend of DKK 35 (DKK 20) per share – equivalent to DKK 35 million (DKK 20 million), which combined with the previously paid extraordinary dividend of DKK 15 (DKK 10) per share, equivalent to DKK 15 million (DKK 10 million), makes a total dividend for the year DKK 50 (DKK 30) per share, equivalent to DKK 50.0 million (DKK 30.0 million). The Supervisory Board will propose the approval of renewed authorisation to acquire own shares for up to a nominal amount of DKK 10.0 million as well as renewed access to distributing extraordinary dividend.

During the year, no repurchases were made under the scheme for repurchase of own shares. Consequently, the framework for repurchasing own shares for a market value of up to DKK 10.0 million adopted by the Supervisory Board on 19 March 2002 still leaves room for repurchasing shares for a market value of DKK 5.6 million.

Change to financial reporting under International Financial Reporting Standards - IFRS

The Annual Report of the Group and the Parent Company for 2005/06 has been prepared and is presented under International Financial Reporting Standards (IFRS) as adopted by the EU. The change to financial reporting under IFRS has given rise only to minor changes in accounting policies. For a detailed description of changes and their effect on the Annual Report, reference is made to the accounting policies section.

Future prospects

At present, basic earnings of approx. DKK 36.0 – 40.0 million are expected for the coming year. To this should be added fair value adjustments of shares, bonds and currencies, etc, which at present make up a positive amount of approx. DKK 100.0 million. Consequently, at present a profit before tax of DKK 120.0 – 140.0 million is expected. The expectation presupposes stable interest rates and stable foreign exchange and share markets.

After the balance sheet date, no events of significant importance to the assessment of these financial statements have occurred.

Post balance sheet events

In notification of 3 November 2006 it was stated that, in order to secure present and future space requirements at the Company's present address, the Company acquired two non-residential freehold flats totalling 418 m2 with takeover at 15 December 2006.

The acquisition took place against cash payment of DKK 10.3 million.

In view of the fact that the freehold flats are acquired from a company owned by the founder of Investeringsselskabet Luxor A/S, the pricing of the freehold flats was based on a valuation made by an independent chartered estate agent appointed by the Danish Association of Chartered Estate Agents.

INCOME STATEMENT FOR THE PERIOD 1 OCTOBER 2005 – 30 SEPTEMBER 2006

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000	Note		Group 2005/06 DKK '000	Group 2004/05 DKK '000
			Income		
178,602	69,943	1	Financial income	169,884	63,343
10,055	9,744	2	Rental income	22,036	23,591
0	0	3	Gain on sale of investment properties	18,911	0
188,657	79,687		Total income	210,831	86,934
-3,418	-2,800	4	Losses and direct expenses	-3,410	-2,796
2,314	2,280	5	Direct expenses, investment properties	4,675	4,532
189,761	80,207			209,566	85,198
122,225	296,710	6	Fair value adjustment of financial assets	108,577	294,366
4,000	4,000	15	Fair value adjustment, investment properties	4,869	8,100
315,986	380,917	7	**Total gross earnings**	323,012	387,664
-1	34,383	8	Financial expenses	-1,271	38,225
315,987	346,534			324,283	349,439
1,924	2,085	9	Other external expenses	2,567	2,787
-299	57	10	Other income and expenses	-315	49
21,759	18,136	11	Staff expenses	21,884	18,260
221	258	14	Depreciation and amortisation	221	258
23,605	20,536			24,357	21,354
292,382	325,998		**Profit before tax**	299,926	328,085
-36,484	55,562	12	Tax on profit for the year	-28,923	57,644
328,866	270,436		**NET PROFIT FOR THE YEAR**	328,849	270,441
328.9	270.4	21	Earnings per share (EPS) in DKK	328.8	270.4
328.9	270.4		Earnings per share (EPS) in DKK (diluted value)	328.8	270.4
			Proposed distribution of profit in its entirety accruing to Parent Company shareholders:		
193,997	245,314		Transfer to reserve for investment assets		
15,000	10,000		Extraordinary dividend paid		
35,000	20,000	20	Proposed dividend		
84,869	-4,878		Retained earnings		
328,866	270,436				
50	30		Dividend per share in DKK		

BALANCE SHEET AT 30 SEPTEMBER 2006

ASSETS

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000	Note		Group 2005/06 DKK '000	Group 2004/05 DKK '000
			Fixed assets		
1,803	1,306	14	Domicile property	1,803	1,306
193	414	14	Fixtures, fittings and equipment	193	414
1,996	1,720		**Property, plant and equipment**	1,996	1,720
108,100	104,100	15	**Investment properties**	197,900	267,600
300	300	13	Investment in group enterprise	0	0
97,703	84,055	13	Investment in group enterprise measured at fair value	0	0
2,081,171	1,442,409	15	Securities	2,081,171	1,442,409
2,179,174	1,526,764		**Fixed asset investments**	2,081,171	1,442,409
2,289,270	1,632,584		**Non-current assets**	2,281,067	1,711,729
20,127	12,168	16	Other receivables	20,344	12,316
0	4,987	12	Corporation tax	0	5,620
364	375	17	Prepayments	508	642
20,491	17,530		**Receivables**	20,852	18,578
3,177	4,066	18	**Cash at bank and in hand**	3,417	5,574
23,668	21,596		**Current assets**	24,269	24,152
2,312,938	**1,654,180**		**ASSETS**	**2,305,336**	**1,735,881**

BALANCE SHEET AT 30 SEPTEMBER 2006

LIABILITIES AND EQUITY

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000	Note		Group 2005/06 DKK '000	Group 2004/05 DKK '000
100,000	100,000	19	Share capital	100,000	100,000
542,170	348,173		Reserve for investment assets	478,175	299,190
373,171	288,302		Retained earnings	437,234	337,370
35,000	20,000	20	Proposed dividend	35,000	20,000
1,050,341	756,475		**Equity**	1,050,409	756,560
68,265	60,304	22	Mortgage credit institutes	108,723	138,334
1,071,084	710,780	23	Credit institutions	1,071,084	710,780
22,323	76,549	12	Deferred tax liabilities	27,354	85,484
1,161,672	847,633		**Non-current liabilities**	1,207,161	934,598
3,606	3,069	22	Mortgage credit institutes	6,424	7,279
0	10,038	23	Credit institutions	0	10,038
1,386	1,271		Deposits	3,507	5,533
69,560	17,178		Payables to group enterprises	0	0
971	0	12	Corporation tax	11,309	0
24,890	17,904	24	Other payables	25,959	19,631
512	612	25	Deferred income	567	2,242
100,925	50,072		**Current liabilities**	47,766	44,723
1,262,597	897,705		**Liabilities**	1,254,927	979,321
2,312,938	**1,654,180**		**LIABILITIES AND EQUITY**	**2,305,336**	**1,735,881**

26 Forward transactions
27 Related parties
28 Security, contingent liabilities, surety and other guarantee obligations
29 Risk factors

STATEMENT OF CHANGES IN EQUITY
Parent Company

	Share capital DKK '000	Reserve for net revaluation under the equity method DKK '000	Reserve for investment assets DKK '000	Retained earnings DKK '000	Proposed dividend DKK '000	Total DKK '000
Equity at 1 October 2004	**100,000**	**7,740**	**76,221**	**312,323**	**20,000**	**516,284**
Changes to accounting policies..........	0	-7,740	26,638	-19,143	0	-245
Adjusted equity at 1 October 2004	100,000	0	102,859	293,180	20,000	516,039
Net profit for the year (total income).	0	0	0	270,436	0	270,436
Dividend paid.....................................	0	0	0	0	-20,000	-20,000
Extraordinary dividend paid	0	0	0	-10,000	0	-10,000
Reserve for investment assets for the year	0	0	245,314	-245,314	0	0
Proposed dividend..............................	0	0	0	-20,000	20,000	0
Equity at 30 September 2005	**100,000**	**0**	**348,173**	**288,302**	**20,000**	**756,475**
Equity at 1 October 2005................	**100,000**	**0**	**348,173**	**288,302**	**20,000**	**756,475**
Net profit for the year (total income).	0	0	0	328,866	0	328,866
Dividend paid.....................................	0	0	0	0	-20,000	-20,000
Extraordinary dividend paid	0	0	0	-15,000	0	-15,000
Reserve for investment assets for the year	0	0	193,997	-193,997	0	0
Proposed dividend..............................	0	0	0	-35,000	35,000	0
Equity at 30 September 2006	**100,000**	**0**	**542,170**	**373,171**	**35,000**	**1,050,341**

According to the Articles of Association, the Company's share classes carry the following rights relating to distribution of profit:

B-shareholders have preferential right to dividend of 6% of the nominal amount of the B-share capital. If the dividend adopted exceeds 6% of the nominal amount of the B-share capital, the A-shareholders receive dividend of up to 6% of the nominal amount of the A-share capital. When both A- and B-shareholders have received dividend of 6% of the nominal amount, any remaining dividend adopted is then distributed to all shareholders in proportion to their respective nominal amount without distinction between A- and B-shares. The right to dividend cannot be cumulated.

The Company's classes of shares are specified in note 19.

STATEMENT OF CHANGES IN EQUITY
Group

	Share capital DKK '000	Reserve for invest-ment assets DKK '000	Retained earnings DKK '000	Proposed dividend DKK '000	Total DKK '000
Equity at 1 October 2004	**100,000**	**54,651**	**341,633**	**20,000**	**516,284**
Changes to accounting policies	0	0	-165	0	-165
Adjusted equity at 1 October 2004	100,000	54,651	341,468	20,000	516,119
Net profit for the year (total income)	0	0	270,441	0	270,441
Dividend paid	0	0	0	-20,000	-20,000
Extraordinary dividend paid	0	0	-10,000	0	-10,000
Reserve for investment assets for the year	0	244,539	-244,539	0	0
Proposed dividend	0	0	-20,000	20,000	0
Equity at 30 September 2005	**100,000**	**299,190**	**337,370**	**20,000**	**756,560**
Equity at 1 October 2005	**100,000**	**299,190**	**337,370**	**20,000**	**756,560**
Net profit for the year (total income)	0	0	328,849	0	328,849
Dividend paid	0	0	0	-20,000	-20,000
Extraordinary dividend paid	0	0	-15,000	0	-15,000
Reserve for investment assets for the year	0	178,985	-178,985	0	0
Proposed dividend	0	0	-35,000	35,000	0
Equity at 30 September 2006	**100,000**	**478,175**	**437,234**	**35,000**	**1,050,409**

Reserve for investment assets:

According to the IFRS Executive Order issued in pursuance of the Danish Financial Statements Act, fair value adjustment of investment assets must be restricted in a separate reserve for investment assets under equity. The reserve for investment assets can be reduced or dissolved only to the extent the assets adjusted upwards are realised or withdrawn from the activity, are adjusted to a lower fair value, are reduced by increased tax liabilities or are reversed due to changed accounting estimate.

CASH FLOW STATEMENT FOR THE PERIOD 1 OCTOBER 2005 - 30 SEPTEMBER 2006

Parent Company			Group	
2005/06 DKK ’000	2004/05 DKK ’000		2005/06 DKK ’000	2004/05 DKK ’000
		Cash flows from operating activities		
48,643	40,404	Received interest on mortgage deeds and bonds.....	48,643	40,404
20,391	10,701	Share dividends received.......................................	20,391	10,701
82,408	20,921	Exchange gains realised	82,408	20,921
11,711	-11,920	Other financial income	11,993	-11,920
10,055	9,493	Rental income	20,416	20,910
-32,271	-19,145	Interest payments	-35,870	-23,534
-25,366	-17,115	Payments, operating expenses and employees........	-30,505	-18,469
0	0	Gain on sale of investment properties....................	28,580	0
-11,784	-14,340	Tax payments	-12,278	-14,741
103,787	18,999	**Cash flows from operating activities**	133,778	24,272
		Cash flows from investing activities		
-955,884	-437,208	Additions of mortgage deeds, bonds and shares	-955,884	-437,208
430,209	277,910	Disposals of mortgage deeds, bonds and shares	430,209	277,910
0	0	Disposals of investment properties	66,689	0
0	570	Trading properties..	0	570
-497	20	Other fixed assets	-497	20
-526,172	-158,708	**Cash flows from investing activities ....**	-459,483	-158,708
		Cash flows from financing activities		
657,553	264,621	Raising of loans, credit institutions........................	657,553	264,621
-270,595	-90,997	Repayment, credit institutions................................	-270,595	-90,997
13,625	24,865	Raising of loans, mortgage credit institutes	13,625	51,836
-3,414	-27,580	Repayment, mortgage credit institutes....................	-40,009	-58,221
59,212	1,502	Payments received and effected, group enterprises	0	0
-20,000	-20,000	Dividend...	-20,000	-20,000
-15,000	-10,000	Extraordinary dividend...	-15,000	-10,000
115	76	Deposits...	-2,026	247
421,496	142,487	**Cash flows from financing activities**...................	323,548	137,486
-889	2,778	Net change in cash and cash equivalents	-2,157	3,050
4,066	1,288	Cash and cash equivalents, beginning of year.........	5,574	2,524
3,177	4,066	**Cash and cash equivalents, end of year**..............	3,417	5,574

SEGMENT INFORMATION

	Mortgage deeds	Bonds	Shares	Investment properties	Other	Total
Group 2005/06						
Income (realised)	30,280	36,738	102,866	40,947	0	210,831
Fair value adjustment....	-4,724	-22,840	136,141	4,869	0	113,446
Gross earnings	28,966	13,898	239,007	41,141	0	323,012
Fixed assets..................	323,411	474,943	1,282,817	197,900	1,996	2,281,067
Fixed asset investments	209,335	332,060	414,489	31	0	955,915
Liabilities (segments)....	255,131	377,370	445,904	135,244	-64	1,213,585

	Mortgage deeds	Bonds	Shares	Investment properties	Other	Total
Group 2004/05						
Income (realised)	34,284	15,448	13,611	23,591	0	86,934
Fair value adjustment....	1,107	8,492	284,767	8,100	0	302,466
Gross earnings	38,187	23,940	298,378	27,159	0	387,664
Fixed assets..................	292,841	280,216	869,352	267,600	1,720	1,711,729
Fixed asset investments	101,575	175,282	160,351	0	0	437,208
Liabilities (segments)....	233,067	229,566	311,587	167,698	-41	941,877

Gross earnings of the segments do not include depreciation and amortisation.

The segment mortgage deeds includes total provisions for losses of kDKK 4,753. In the financial year, a provision for losses of kDKK 426 was made. The provisions have been reversed on the basis of an individual assessment of each receivable.

Gross earnings for all segments include the item ”Fair value adjustment”, which is a non-cash income/expense. The item is specified in segment information.

Liabilities included in segment information can be reconciled to group totals as follows:

	Group	
	2005/06 DKK ’000	2004/05 DKK ’000
Non-current liabilities	1,207,161	934,598
Mortgage credit institutes, current .	6,424	7,279
Segment liabilities.........................	1,213,585	941,877

Accounting Policies

The Annual Report of the Parent Company and the Group for 2005/06 is prepared and presented under International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish financial reporting requirements in respect of listed companies.

The presentation currency of the Annual Report is Danish kroner (DKK). Danish kroner is the primary currency for the activities of the Group and the Parent Company and is therefore the functional currency of the Parent Company and the subsidiaries.

Change to financial reporting under International Financial Reporting Standards

The Annual Report for 2005/06 is the first annual report presented under International Financial Reporting Standards (IFRS).

In accordance with IFRS 1 on transition to IFRS, the opening balance sheet at 1 October 2004 and comparative figures for 2004/05 have been prepared in accordance with IFRS standards and interpretations effective as at 30 September 2006. The change to financial reporting under IFRS has not resulted in changes to accounting estimates. The opening balance sheet at 1 October 2004 has been prepared according to these standards and interpretations.

The recognition and measurement requirements under IFRS are for all material financial reporting areas in accordance with the recognition and measurement principles applied by the Company under the Danish Financial Statements Act; consequently, the change to financial reporting under IFRS has only a minor effect on few areas of the financial reporting of the Parent Company and the Group.

Investment assets and related liabilities will, as in the case of financial reporting under the Danish Financial Statements Act, be measured at fair value with recognition of value adjustments in the income statement as these are managed, and the return is assessed, on the basis of fair value changes in accordance with the documented risk and investment strategy. Information on the financial assets measured at fair value is used internally in reporting to the Executive and Supervisory Boards.

Explanations of changes to accounting policies upon change to IFRS

The change to financial reporting under IFRS has implied a number of minor changes to the accounting policies of the Group and the Parent Company. For details on the changes and their effect on the Annual Report, reference is made to the description below.

- Trading properties are measured at cost. They were previously measured at fair value.

- Investments in subsidiaries are measured in the Parent Company balance sheet at cost in the case of Metalvarefabriken Luxor A/S and at fair value in the case of DI-Ejendoms Invest A/S. The fair value of DI-Ejendoms Invest A/S is measured under recognised valuation methods for the underlying assets and liabilities as these are also measured at fair value. Metalvarefabriken Luxor A/S is measured at cost as fair value cannot be measured reliably. Previously, investments in subsidiaries were measured under the equity method.

  In the balance sheet at 1 October 2004, value adjustment under the equity method is reversed to cost and fair value, respectively. In the income statement for 2004/05, the share of income from investments in subsidiaries is reversed, and the item "Fair value adjustment of subsidiary" is recognised as income. The fair value adjustment relating to DI-Ejendoms Invest A/S is restricted under reserves for investment assets pursuant to the IFRS Executive Order issued in pursuance of the Danish Financial Statements Act.

  The restricted reserves for fair value adjustment for DI-Ejendoms Invest A/S are recognised in the Parent Company financial statements at kDKK 26,638 at 1 October 2004. For the financial year 2004/05, the restricted reserves for fair value adjustment amount to kDKK 2,344, which implies that in relation to the distribution of profit for the Parent Company at 30 September 2005 as adopted at the Annual General Meeting on 30 January 2006 "Transfer to reserve for investment assets" is adjusted by kDKK 2,344 and "Retained earnings" is adjusted by a corresponding amount.

- As of 1 October 2004, dividends declared from subsidiaries are recognised in financial income in the Parent Company's income statement.

- As of 1 October 2004, repayment supplements relating to corporation tax are recognised in operating income and expenses. Previously the repayment supplement was recognised in financial expenses.

Minor reclassifications have been made in the income statement, balance sheet, cash flow statement and notes in the Annual Report at 30 September 2006. These include:

- Current investments are classified as part of cash and cash equivalents in the balance sheet and the cash flow statement if they have a term to maturity of less than three months and carry an immaterial value risk.
- Deferred tax liabilities are no longer presented as a separate line item (provisions) in the balance sheet, but are recognised in non-current and current liabilities depending on the expected settlement dates.
- Segment reporting is made on the basis of business segments broken down by mortgage deeds, bonds, shares and investment properties, respectively. Previously, segment reporting was made by interest-bearing investments, non-interest bearing investments and investment properties.

The monetary effect of the changes to accounting policies due to the change to financial reporting under IFRS is specified as follows:

Effect on profit for the period 1 October – 30 September

Parent Company			Group	
2005/06 DKK ’000	2004/05 DKK ’000		2005/06 DKK ’000	2004/05 DKK ’000
299,926	327,920	Profit before tax under previous accounting policies	299,926	327,920
13,648	2,344	Fair value adjustment of subsidiary	0	0
0	165	Fair value adjustment of trading properties	0	165
313,574	330,429	Profit under changed accounting policies	299,926	328,085
-30,192	-11,031	Changes in income from investments	0	0
9,000	6,600	Dividend from subsidiary	0	0
292,382	325,998	Profit before tax under changed accounting policies	299,926	328,085
-28,923	57,644	Tax on profit for the year under previous accounting policies	-28,923	57,644
-7,561	-2,082	Changes of tax on investments	0	0
328,866	270,436	Profit for the year calculated under the provisions of IFRS	328,849	270,441

Effect on equity at 30 September

Parent Company			Group	
2005/06 DKK ’000	2004/05 DKK ’000		2005/06 DKK ’000	2004/05 DKK ’000
1,050,409	756,560	Equity under previous accounting policies at 30 September	1,050,409	756,560
-85	-80	Change of investments, subsidiary	0	0
17	-5	Change of profit, investment	0	0
1,050,341	756,475	Equity at 30 September calculated under the provisions of IFRS	1,050,409	756,560

Standards and interpretations not yet in effect

The IASB and the EU have adopted the following new International Financial Reporting Standards (IFRS) and interpretations (IFRIC) which take effect after 30 September 2006 and which are considered relevant to the Parent Company and the Group.

In connection with the change to IFRS, Management has decided to adopt early the provisions of IAS 39 “Financial Instruments: Recognition and Measurement, Amendment for fair value option”, issued in 2005 with effective date on 1 January 2006 or later. The standard changes the definition of financial instruments that may be classified in the “at fair value through profit or loss” category and limits the application of this classification. The Company meets the new definitions as its financial assets and liabilities are managed under the Company’s risk and investment strategy, and the return is assessed on the basis of the fair value of the assets. The effect of the implementation is that the Company maintains its existing policy of measuring all investment assets and related liabilities at fair value with recognition of value adjustments in the income statement (“at fair value through profit or loss”).

At the date of publication of this Annual Report, the following new or amended standards and interpretations have been adopted but have not yet taken effect:

- IFRS 7, Financial Instruments Disclosure. Financial instruments disclosures and the related amendment of IAS 1 on the presentation of the Company’s capital management. Effective for financial years starting 1 January 2007 or later.

  In Management’s assessment, the implementation of this standard will imply additional disclosure requirements. The implementation of the standard will not affect the recognition and measurement of financial instruments.

  Interpretations:
- IFRIC 10, Interim Financial Reporting and Impairment. Effective for financial years starting 1 June 2006 or later.

  In Management’s assessment, this interpretation will not have any material effect on the presentation of the Annual Report.

DESCRIPTION OF ACCOUNTING POLICIES

Recognition and measurement

Revenues are recognised in the income statement as earned; in this connection, value adjustments of financial assets, investment properties and liabilities measured at fair value are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost or fair value. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there are any indications of impairment other than that expressed by depreciation. If so, an impairment test is carried out and, if necessary, the asset is written down to its lower recoverable amount.

The Company's investment assets and related liabilities are initially measured at fair value with recognition of value adjustments in the income statement (classified in the "at fair value through profit or loss" category), as the financial assets are managed and the return is assessed on the basis of changes in fair value in accordance with a documented financial investment strategy. Information on financial assets and liabilities measured at fair value is used internally in connection with the current reporting to the Executive and Supervisory Boards.

Similarly, financial liabilities relating to investment properties are measured at fair value with adjustment in the income statement. Such measurement is made in order to avoid disagreement with the financial strategy and the reporting to the Executive and Supervisory Boards, which are based on fair value.

Reserves for fair value adjustment are restricted via distribution of profit in a reserve for investment assets under equity according to the IFRS Executive Order issued in pursuance of the Danish Financial Statements Act. The reserve for investment assets is calculated as a net reserve in which the value increases and value decreases for the year are restricted. The deferred tax relating to the adjustment is deducted from the reserve and is recognised as a provision. The reserve for investment assets is dissolved or reduced when the adjusted assets and liabilities are realised, are withdrawn from the activity, are adjusted due to a lower fair value or are reversed due to changed accounting estimate.

Significant accounting estimates, assumptions and uncertainties

The Annual Report contains items that cannot be measured with complete certainty. These are measured on the basis of a number of accounting estimates and assumptions influencing the carrying amounts of assets and liabilities. The estimates and assumptions made by Management are considered to be reasonable and are based on information available at the time of the preparation of the Annual Report.

The assumptions may be incomplete or inaccurate, and unexpected future events may occur. Therefore, it may subsequently be necessary to change previous estimates due to changes in the issues forming the basis of the estimate, or due to new or supplementary information, further experience or subsequent events.

In connection with the financial reporting, Management has made the following material accounting estimates, which have significant influence on the Annual Report:

The valuation of mortgage deeds is calculated as an estimated fair value based on current market information. As a player on the mortgage deed market, the Company has close contact to this market. It is therefore Management's opinion that the Company is able to make a qualified estimate of the fair value of the mortgage deed portfolio.

Management's assessment of the estimated fair value is subject to a number of uncertainties of importance to the valuation of mortgage deeds, including the debtors' ability to pay and the level of economic activity. The valuation of mortgage deeds thus depends on future events, which are subject to some uncertainty. In this connection, Management has assumed a course of events that reflects the situation which is in Management's opinion most likely to occur. The course of events assumed is based on past experience and expectations for economic activity.

The valuation of investment properties is calculated as the amount which a sale to an independent buyer may be expected to generate. It is Management's opinion that the Company is able to make a qualified estimate of the fair value of the properties through its comprehensive involvement in the properties market. The valuation of investment properties is subject to a number of uncertainties, as the value depends on future events, including the demand for business tenancies and the level of economic activity. In connection with the valuation, Management has assumed a course of events that reflects the situation which is in Management's opinion most likely to occur.

Consolidated Annual Report

The Consolidated Annual Report comprises Investeringsselskabet Luxor A/S (Parent Company) and the subsidiaries, DI-Ejendoms Invest A/S and Metalvarefabriken Luxor A/S.

The Consolidated Annual Report is prepared on the basis of the Annual Reports of the Parent Company and its subsidiaries as a combination of items of a uniform nature. The financial statements used for the consolidation are prepared in accordance with Group accounting policies.

On consolidation, elimination is made of intercompany income and expenses, intercompany accounts and dividends as well as profits and losses on transactions between the consolidated companies.

Translation policies

Transactions in other currencies than the Group's functional currency are initially translated at the transaction date rates. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange adjustments arising due to differences between the transaction date rates and the rates at the dates of payment or the rates at the balance sheet date, respectively, as well as the settlement rate are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently measured at fair value. The fair values of derivative financial instruments are calculated on the basis of current market information and generally accepted valuation methods.

The Company's derivative financial instruments do not meet the criteria for hedge accounting. Changes in fair values are recognised on a current basis in financial income and expenses in the income statement. Positive and negative fair values of derivative financial instruments are recognised as other receivables or other payables, respectively.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquisition under the purchase method. Enterprises sold or wound-up are recognised in the consolidated income statement up until the date of disposal. Comparative figures are not restated for newly acquired, sold or wound-up enterprises.

INCOME STATEMENT

Financial income and expenses

Financial income

Financial income and expenses comprise interest, dividends, exchange gains and losses on securities, debt and transactions in foreign currencies, amortisation of liabilities, fair value adjustments of financial liabilities as well as realised and unrealised gains and losses on derivative financial instruments.

Interest income and expenses are cut off on the basis of the principal amount and the effective rate of interest.

Dividends from investments in subsidiaries are recognised in financial income in the Parent Company's income statement when a final right to the dividend has been acquired, i.e. the time of the adoption at the General Meeting.

Expenses for the raising of loans are recognised in the financial year in which they are paid. The expenses are recognised in the item "Financial expenses".

Rental income

Rental income is recognised in the income statement in the year to which it relates.

Gains on sale of investment properties

Gains on sale of investment properties are recognised at the date of transaction. The gain is calculated as the difference between net proceeds on the sale and the carrying amount of the asset.

Losses and direct expenses

Losses and direct expenses comprise ascertained losses on mortgage deeds, provisions for losses on mortgage deeds, bad debts recovered as well as fees, etc.

Direct expenses, investment properties

Direct expenses comprise expenses for the operation of properties.

Other external expenses and staff expenses

Other external expenses and staff expenses comprise expenses paid for the administration of the Group, including salaries to employees and Management as well as office expenses.

The pension schemes for the Executive Board and the employees are defined contribution plans, and the contribution is calculated as a percentage of the salaries paid. The Group pays the pension contributions into an independent pension company on a current basis. The contributions are recognised in the income statement in the period in which the employees have performed the work giving the right to the pension contribution. Amounts payable are recognised in the balance sheet as liabilities.

Other income and expenses

Other operating income and expenses include items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale and replacement of property, plant and equipment as well as extra payments and repayment under the on-account taxation scheme. Gains and losses on the sale of property, plant and equipment are calculated as the selling price less selling expenses and the carrying amount at the time of sale, equal to the time of transfer of risk.

Tax on profit for the year

Tax for the year consists of current tax for the year and change of deferred tax. The tax attributable to the profit for the year is recognised in the income statement. Deferred tax is recognised in respect of all timing differences between carrying amount and tax base and is recognised under the liability method. Deferred tax assets are recognised at expected value in use. A provision for deferred tax is made for unrealised gains on shares up until the time when a sale may be effected free of tax.

Current tax for the year is calculated on the basis of current tax rates and the tax rules effective at the balance sheet date.

The Company is jointly taxed with its subsidiaries. The Danish current corporation tax is allocated to the jointly taxed companies in proportion to their taxable incomes. Companies which utilise tax losses in other companies pay a joint taxation contribution to the Parent Company corresponding to the tax value of the utilised losses, while companies whose tax losses are utilised by other companies receive a joint taxation contribution from the Parent Company corresponding to the tax value of the utilised losses (full allocation). The jointly taxed companies have adopted the on-account taxation scheme.

Tax for the year consists of current tax for the year and change in deferred tax. The tax attributable to the profit for the year is recognised in the income statement, while the tax attributable to direct equity entries is recognised directly on equity.

BALANCE SHEET

Property, plant and equipment

Domicile property, fixtures, fittings and equipment

Domicile property, fixtures, fittings and equipment are measured at cost less accumulated depreciation and impairment losses. No depreciation is made on land.

Cost comprises the cost of acquisition as well as expenses directly related to the acquisition up until the time when the asset is ready for use. Subsequent expenses for replacement of parts of property, plant and equipment are recognised in property, plant and equipment when it is probable that the expenses will result in future economic benefits to the Group. All other expenses for repairs and maintenance are recognised in the income statement when incurred.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives and residual values, which are:

	Useful life	Residual value
Domicile property	60 years	75% of cost
Fixtures, fittings and equipment	5 years	0%

The basis of depreciation is calculated taking into consideration the residual value of the asset and is reduced by any impairment losses. The residual value is determined at the time of acquisition and is reassessed on an annual basis. If the residual value exceeds the carrying amount of the asset, depreciation will cease.

Depreciation methods, useful lives and residual values are reassessed on an annual basis. An asset is written down if the carrying amount exceeds the recoverable amount.

Gains and losses on the sale of property, plant and equipment are calculated as the difference between net proceeds on the sale and the carrying amount at the time of sale. Gains or losses are recognised in other operating income or other operating expenses in the income statement.

Investment properties

The Company's portfolio of investment properties comprises properties let out for business purposes. The purpose of the holding is to obtain regular operating income in the form of rental income less expenses relating to the letting business, and in the long term to obtain capital gains.

Investment properties are initially measured at cost, which comprises the cost of acquisition of the properties as well as any directly related expenses. Investment properties are subsequently measured at fair value, which corresponds to the amount at which the properties may be expected to be sold to an independent buyer on the balance sheet date.

Changes in fair values are recognised in the income statement for the financial year in which the change arises.

Fair value is calculated on the basis of a yield-based valuation model involving capitalisation of future payments received and effected. Payments received comprise rental income (as regards floorage leased out, the payments according to the lease-contracts are included; as regards floorage not leased out, future earnings are recognised at tender price) as well as interest on deposit. Payments effected comprise operating expenses, including property taxes, insurance, maintenance, administration and sundry expenses. The fair value of the properties is reassessed on an annual basis. The fair values of the properties are calculated by the Company's experts; no independent valuer is involved.

The discount factor is fixed on the basis of a market-based yield requirement for the individual investment property. Fair value adjustment is recognised in the income statement in the item "Fair value adjustment, investment properties".

Investment properties under construction are recognised at cost. No interest is included in the cost of investment properties.

The fair value of investment properties at 30 September 2006 is calculated on the basis of assessments made by a Group employee with recognised, relevant qualifications and the necessary knowledge of the current property market to be able to assess the fair value of the properties based on property valuation standards and on previous transactions involving similar properties. The employee is a qualified state-authorised estate-agent and appraiser with a non-active practising licence.

Leases

Leases in respect of which the most material risks and rewards relating to an asset are transferred from the lessor to the lessee are treated as finance leases. Other leases are treated as operating leases.

Fixed asset investments

Investments in subsidiaries recognised in the Parent Company Annual Report

Investments in DI-Ejendoms Invest A/S are measured at fair value in the balance sheet of the Parent Company. The fair value is measured according to generally accepted valuation methods in respect of the underlying assets and liabilities, as these are also measured at fair value. Fair value adjustments are tied up in restricted reserves for investment assets.

Fair value adjustments are recognised in the income statement in the item “Fair value adjustment of financial assets”.

Investments in Metalvarefabriken Luxor A/S are measured at cost in the balance sheet of the Parent Company. If the costs exceed the recoverable amount, write-down is made to this lower amount. The cost is reduced by any dividend received exceeding accumulated earnings after the time of acquisition.

Purchases and sales of investments in subsidiaries are recognised at the date of transaction.

Securities

Securities comprise mortgage deeds, listed shares and bonds quoted on a stock exchange or a marketplace. Securities are measured at fair value with recognition of value changes in the income statement. The fair values are calculated on the basis of current market information.

Purchases and sales of shares, bonds and mortgage deeds are recognised at fair value at the date of transaction.

Provisions for losses on mortgage deeds in default are made on the basis of an individual assessment in accordance with a pre-defined system.

The recognition of financial assets ceases when the contractual rights to the asset expire, or the enterprise transfers all material risks and rewards relating to the ownership.

Current assets

Trading properties

Trading properties comprise properties which the Company has purchased at forced sale on the free market with a view to limitation of losses. The item is measured at cost or a lower net realisable value.

Other receivables

Other receivables are measured in the balance sheet at fair value, which mainly corresponds to nominal value less provisions for bad debts. Provisions for expected bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments comprise expenses paid relating to subsequent financial years. Prepayments are measured at cost.

Research and development costs

The Company has not paid any research and development costs in the financial year.

Equity

Reserve for investment assets

Value adjustment (net) is tied-up via distribution of profit in a reserve for investment assets under equity after provision for deferred tax.

Dividend

Proposed dividend is disclosed as a separate equity item until adopted at the Annual General Meeting. After adoption and until payment, dividend is recognised as a liability.

Extraordinary dividend is recognised as a liability, when the decision to declare the dividend is made.

Own shares

Amounts paid or received for own shares as well as dividends relating to these are recognised directly in equity under retained earnings.

Other liabilities

Corporation tax and deferred tax

Deferred tax is calculated on the basis of the intended use of the individual asset or settlement of the individual liability, respectively.

Deferred tax is measured under the liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. No deferred tax on temporary differences is recognised in respect of the domicile property and other items where temporary differences have arisen at the time of acquisition without influencing results or taxable income.

Current tax liabilities and tax receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax relating to previous years' taxable income as well as tax paid on account.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either by set-off against deferred tax liabilities or as net tax gains for set-off against future taxable incomes. It is reassessed at each balance sheet date whether it is probable that sufficient taxable income will be generated in future for the deferred tax asset to be utilised.

Deferred tax is measured on the basis of the tax rules and tax rates effective at the balance sheet date. Changes in deferred tax as a consequence of changes in tax rates are recognised in the income statement.

Financial liabilities

Domicile property:

Mortgage credit loans from mortgage credit institutes are recognised at inception at fair value corresponding to the proceeds received net of transaction expenses incurred. In subsequent periods, the mortgage loans are measured at amortised cost; the difference between the proceeds at inception and the repayable amount is recognised in the income statement over the loan period as a financial expense by means of the effective interest rate method.

Investment properties:

Mortgage credit loans from mortgage credit institutes are recognised at fair value at inception. In subsequent periods, financial liabilities are recognised at fair value. Fair values are calculated on the basis of current market information. Fair value adjustments are recognised in financial expenses in the income statement.

For convertible outstanding bond debt for which notice may be given of cash redemption at a price of 100 at a date of payment, fair value is measured at a maximum price of 100.

Debt to credit institutions:

Loans from credit institutions with a term of more than 12 months are measured at fair value. Fair value is calculated as net present value through discounting of future cash flows. Loans with a term of less than 12 months are measured at fair value, which by and large corresponds to nominal value.

Deposits

Deposits are measured at the value received.

Other payables

Other financial liabilities are measured at fair value, which mainly corresponds to nominal value.

Deferred income

Deferred income comprises payments received relating to subsequent financial years. Deferred income is measured at cost.

CASH FLOW STATEMENT

The cash flow statements of the Parent Company and the Group are presented under the direct method and show cash flows broken down by operating, investing and financing activities for the year, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities show amounts received and paid in respect of realised investment assets, interest and rent as well as payments to creditors, employees, etc.

Cash flows relating to investing activities comprise payments in connection with the purchase and sale of financial assets not included as cash and cash equivalents as well as additions and disposals of investment properties.

Cash flows relating to financing activities comprise the raising and repayment of loans, instalments on interest-bearing debt, purchase of own shares and payment of dividend.

Cash and cash equivalents comprise bank deposits, cash in hand and current investments with a short term to maturity and an immaterial value risk which can readily be turned into cash.

SEGMENT REPORTING

In the Annual Report, segment reporting is made in respect of business segments broken down by mortgage deeds, bonds, shares and investment properties, respectively. Segment reporting follows Group risks, accounting policies and internal financial management.

Segment income and expenses as well as segment assets and liabilities comprise items that can be directly referred to the individual segment, as well as items that can be allocated to the individual segments on a reliable basis. Items not allocated primarily relate to assets and liabilities as well as income and expenses that do not directly relate to the Group's investing activities.

Borrowing relating to the segments comprises liabilities derived from the individual segments.

The Company operates on the global financial markets; the Company solely operates from Denmark, and therefore no segment reporting is made in respect of geographical segments.

NOTES TO THE ANNUAL REPORT

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		1. Financial income		
25,842	28,853	Mortgage deeds, interest	25,842	28,853
28,361	14,558	Bonds, interest	28,361	14,558
21,280	10,931	Shares, dividends	21,280	10,931
9,000	6,600	Subsidiary, dividend	0	0
84,483	60,942		75,483	54,342
4,296	5,226	Capital gains, mortgage deeds	4,296	5,226
13,776	5,176	Capital gains, bonds	13,776	5,176
79,909	14,554	Capital gains, shares	79,909	14,554
11,081	-12,930	Forward transactions	11,081	-12,930
-15,573	-4,035	Exchange adjustments, securities	-15,573	-4,035
630	1,010	Other financial income	912	1,010
178,602	69,943		169,884	63,343

For segment reporting, please see above.

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		2. Rental income		
		Future minimum rental income under operating leases:		
8,458	8,445	Within 1 year	15,780	20,600
12,029	7,181	Between 1 and 5 years	24,236	33,336
0	465	Later than 5 years	292	465
20,487	16,091		40,308	54,401

The tenancy agreements have been concluded as standard leases without the rent in any way depending on turnover. No conditional lease payments have been recognised as income in the financial year.

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		3. Gain on sale of investment properties		
0	0	Gain on sale of investment properties	28,580	0
0	0	Reversal of fair value adjustment	-7,880	0
0	0	Expenses on sales	1,789	0
0	0		18,911	0

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		4. Losses and direct expenses		
1,058	1,884	Ascertained net losses on mortgage deeds and mortgage deed receivables	1,058	1,884
426	-1,762	Change of provision for losses on mortgage deeds	426	-1,762
-5,757	-3,657	Bad debts recovered	-5,757	-3,657
-4,273	-3,535		-4,273	-3,535
706	555	Fees	714	559
149	180	Collection charges	149	180
-3,418	-2,800		-3,410	-2,796
		5. Direct expenses		
1,309	1,350	Property taxes	2,156	2,389
74	72	Insurance	194	198
696	512	Maintenance expenses paid	1,751	1,152
235	346	Other expenses	574	793
2,314	2,280		4,675	4,532

All direct expenses relate to properties that have generated income.

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		6. Fair value adjustment of financial assets		
-4,724	1,107	Fair value adjustment, mortgage deeds	-4,724	1,107
136,141	284,767	Fair value adjustment, shares	136,141	284,767
-22,840	8,492	Fair value adjustment, bonds	-22,840	8,492
13,648	2,344	Fair value adjustment, subsidiary	0	0
122,225	296,710		108,577	294,366

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		7. Gross earnings		
		Securities		
178,602	69,943	Financial income	169,884	63,343
-3,418	-2,800	Losses and direct expenses	-3,410	-2,796
182,020	72,743		173,294	66,139
122,225	296,710	Fair value adjustment of financial assets	108,577	294,366
304,245	369,453		281,871	360,505
		Rental properties		
10,055	9,744	Rental income	22,036	23,591
2,314	2,280	Direct expenses	4,675	4,532
7,741	7,464		17,361	19,059
4,000	4,000	Fair value adjustment, investment properties	4,869	8,100
0	0	Gain on sale of investment properties	18,911	0
11,741	11,464		41,141	27,159
315,986	380,917	**Total gross earnings**	323,012	387,664
		8. Financial expenses		
33,128	19,673	Credit institutions	33,128	19,673
-12,914	3,745	Credit institutions, fair value adjustment	-12,914	3,745
-23,778	5,885	Exchange loss/gain on foreign loans etc, net	-23,778	5,885
-3,564	29,303		-3,564	29,303
3,108	3,361	Mortgage interest	6,376	7,745
-1,948	524	Mortgage loans, fair value adjustment	-4,316	1,068
2,170	1,162	Interest expenses to group enterprises	0	0
233	33	Expenses on raising of mortgage loans	233	109
-1	34,383		-1,271	38,225

The average effective rate of interest for the year is 3.85% (3.60%) based on total average financial expenses in the Group.

Parent Company			Group	
2005/06 DKK ’000	2004/05 DKK ’000		2005/06 DKK ’000	2004/05 DKK ’000
		9. Other external expenses		
		Fees to the auditing firms:		
		Statutory audit:		
119	119	PricewaterhouseCoopers	166	166
119	119	Mortensen & Beierholm	166	166
		Other audit and assistance:		
72	102	PricewaterhouseCoopers	72	102
30	23	Mortensen & Beierholm	30	23
340	363		434	457
		10. Other income and expenses		
-299	57	Interest relating to corporation tax	-315	49

Parent Company			Group	
2005/06 DKK ’000	2004/05 DKK ’000		2005/06 DKK ’000	2004/05 DKK ’000
		11. Staff expenses		
350	260	Supervisory Board, remuneration	455	365
70	0	Supervisory Board concerning 2004/05	70	0
420	260	Supervisory Board, total	525	365
2,054	1,534	Executive Board, salaries	2,054	1,534
8,412	7,634	Executive Board, bonuses	8,412	7,634
249	246	Pension contributions to the Executive Board	249	246
10,715	9,414	Executive Board, total	10,715	9,414
4,280	3,728	Wages and salaries	4,300	3,747
5,981	4,366	Bonuses	5,981	4,366
329	294	Pension contributions	329	294
-4	37	Payroll tax	-4	37
38	37	Other social security expenses	38	37
10,624	8,462	Other staff, total	10,644	8,481
21,759	18,136	Total staff expenses	21,884	18,260
9	9	Average number of employees	9	9

The Supervisory Board has the possibility of paying bonuses to the Company’s Executive Board and employees based on an actual assessment. Allocated bonuses are paid in cash. The payment of bonuses has no prejudicial effect.

The Parent Company has entered into defined contribution plans as regards pensions to the Executive Board and other employees. The Company is obliged to pay an agreed contribution into a pension company and thus bears no risk in respect of the future rate of interest, inflation, mortality, etc. as regards the pension amount payable to the employees.

If the Executive Board is dismissed by the Company, severance pay corresponding to 12 months’ salary is payable in addition to the normal salary in the period of notice (12 months).

12. Corporation taxes

The Group is subject to joint taxation, and the tax is allocated in proportion to the taxable incomes (full allocation method).

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		Corporation tax payable:		
-4,987	8,397	Corporation tax at 1 October 2005	-5,620	8,171
11,784	14,340	Taxes paid	12,278	14,741
17,742	956	Corporation tax	29,207	950
971	-4,987	Corporation tax payable at 30 September 2006	11,309	-5,620
		Tax on profit for the year:		
		Calculated corporation tax for the year:		
17,742	956	Investeringsselskabet Luxor A/S	17,742	956
0	0	Metalvarefabriken Luxor A/S	0	2
0	0	DI-Ejendoms Invest A/S	11,465	-8
		Adjustment of deferred tax liabilities for the year:		
-54,226	54,606	Investeringsselskabet Luxor A/S	-54,226	54,606
0	0	DI-Ejendoms Invest A/S	-3,904	2,088
-36,484	55,562		-28,923	57,644
		Tax on profit on ordinary activities is specified as follows:		
81,867	91,279	Calculated 28% tax on profit before tax	83,979	91,864
		Tax effect of:		
-118,708	-33,830	Non-taxable income, expenses, value adjustments, etc	-113,259	-32,333
357	32	Adjustment of tax concerning previous years	357	32
0	-1,463	Reduction of tax rate from 30% to 28%, Investeringsselskabet Luxor A/S	0	-1,463
0	-456	Reduction of tax rate from 30% to 28%, DI-Ejendoms Invest A/S	0	-456
-36,484	55,562		-28,923	57,644
-12.48%	17.04%	Effective tax rate	-9.64%	17.57%

Note 12 continued

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		Deferred tax at 1 October 2005		
76,549	21,943	Deferred tax at 1 October 2005	85,484	28,790
-54,226	54,606	Change in deferred tax recognised in the income statement	-58,130	56,694
22,323	76,549	Deferred tax at 30 September 2006	27,354	85,484

All deferred tax assets and tax liabilities are expected to be settled after 12 months.

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		The deferred tax liability, calculated as 28% of the additional value of the following items, amounts to:		
		Deferred tax liabilities:		
15,186	13,863	Property, plant and equipment	20,248	23,146
-2,741	1,146	Fixed asset investments, mortgage deeds, bonds and fair value adjustment relating to mortgage credit institutes and credit institutions, etc	-2,772	798
40,653	75,072	Fixed asset investments, shares	40,653	75,072
-30,775	-13,532	Tax asset, shares	-30,775	-13,532
22,323	76,549	Deferred tax liabilities	27,354	85,484

Deferred tax liabilities are recognised to the extent realisation of the related tax benefit in future taxable profits is probable.

13. Investment in group enterprise

DI-Ejendoms Invest A/S, domiciled in Copenhagen, is a wholly owned subsidiary; the company is measured in the financial statements of the Parent Company at fair value with recognition of value adjustments in the income statement.

Cost at 1 October 2004	55,073
Fair value adjustment at 1 October 2004	26,638
Fair value adjustment	2,344
Fair value adjustment at 30 September 2005	28,982
At 30 September 2005	**84,055**
Cost at 1 October 2005	55,073
Fair value adjustment at 1 October 2005	28,982
Fair value adjustment	13,648
Fair value adjustment at 30 September 2006	42,630
At 30 September 2006	**97,703**

Metalvarefabriken Luxor A/S, domiciled in Copenhagen, is a wholly owned subsidiary; the company is measured in the financial statements of the Parent Company at cost, as fair value cannot be measured reliably.

Cost at 1 October 2004	300
At 30 September 2005	**300**
Cost at 1 October 2005	300
At 30 September 2006	**300**

14. Property, plant and equipment

	Domicile property	Fixtures, fittings and equipment
Cost at 1 October 2004	2,003	2,191
Additions	0	0
Disposals	20	0
Cost at 30 September 2005	1,983	2,191
Depreciation and impairment losses at 1 October 2004	677	1,519
Depreciation and impairment losses for the year	0	258
Disposals through sale	0	0
Total depreciation and impairment losses at 30 September 2005	677	1,777
At 30 September 2005	**1,306**	**414**
Cost at 1 October 2005	1,983	2,191
Additions	497	0
Disposals	0	0
Cost at 30 September 2006	2,480	2,191
Depreciation at 1 October 2005	677	1,777
Depreciation for the year	0	221
Disposals through sale	0	0
Total depreciation at 30 September 2006	677	1,998
At 30 September 2006	**1,803**	**193**

According to the official property assessment as per 1 October 2005, the property value is kDKK 3,000.

The carrying amounts of domicile property and fixtures, fittings and equipment, respectively, are identical for the Parent Company and the Group.

15. Fixed asset investments and investment properties

Parent Company: Investment properties	Parent Company: Other investments		Group: Investment properties	Group: Other investments
94,930	882,224	Cost at 1 October 2004	267,808	882,224
0	437,208	Additions	0	437,208
0	276,616	Disposals	0	276,616
94,930	1,042,816	Cost at 30 September 2005	267,808	1,042,816
5,170	109,980	Fair value adjustment at 1 October 2004	-8,308	109,980
4,000	294,366	Value adjustment for the year	8,100	294,366
0	0	Reversal of value adjustment on disposal	0	0
9,170	404,346	Fair value adjustment at 30 September 2005	-208	404,346
0	6,515	Impairment losses at 1 October 2004	0	6,515
0	-1,762	Impairment losses	0	-1,762
0	4,753	Impairment losses at 30 September 2005	0	4,753
104,100	**1,442,409**	**At 30 September 2005**	**267,600**	**1,442,409**
94,930	1,042,816	Cost at 1 October 2005	267,808	1,042,816
0	955,884	Additions	31	955,884
0	425,273	Disposals	66,720	425,273
94,930	1,573,427	Cost at 30 September 2006	201,119	1,573,427
9,170	404,346	Fair value adjustment at 1 October 2005	-208	404,346
4,000	108,577	Value adjustment for the year	4,869	108,577
0	0	Reversal of value adjustment on disposal	-7,880	0
13,170	512,923	Fair value adjustment at 30 September 2006	-3,219	512,923
0	4,753	Impairment losses at 1 October 2005	0	4,753
0	426	Impairment losses	0	426
0	5,179	Impairment losses at 30 September 2006	0	5,179
108,100	**2,081,171**	**At 30 September 2006**	**197,900**	**2,081,171**

Note 15 continued

In the financial year, the subsidiary, DI-Ejendoms Invest A/S sold the properties Amagertorv 17, Copenhagen, Geminivej 24, Greve and Voerbjergvej 36, Nørresundby. Reversal of value adjustment on disposal solely comprises these properties.

According to the official property assessment as per 1 October 2005, the property value relating to the Parent Company is kDKK 88,000 and to the Group kDKK 165,640.

Investment properties have been provided as security for mortgage credit loans.

Securities:

The portfolio of securities held by the Parent Company and the Group is specified as follows at 30 September 2006:

	Mortgage deeds	Bonds	Shares	Total
Total cost	334,407	477,663	761,357	1,573,427
Fair value adjustment	-5,817	-2,720	521,460	512,923
Total impairment losses	-5,179	0	0	-5,179
Fair value	323,411	474,943	1,282,817	2,081,171

The portfolio of securities held by the Parent Company and the Group is specified as follows at 30 September 2005:

	Mortgage deeds	Bonds	Shares	Total
Total cost	298,687	260,096	484,033	1,042,816
Fair value adjustment	-1,093	20,120	385,319	404,346
Total impairment losses	-4,753	0	0	-4,753
Carrying amount	292,841	280,216	869,352	1,442,409

Mortgage deeds:

The portfolio of mortgage deeds consists of 1,128 (1,372) unguaranteed mortgage deeds of a nominal amount of kDKK 336,645 (kDKK 302,158). Like last year, the fixed-rate portion of the mortgage deed portfolio is measured in the balance sheet at fair value on the basis of an effective rate of interest of 8.5% p.a. Cibor mortgage deeds are measured at fair value. However, no redeemable mortgage deeds are recognised at a higher value than the nominal amount or the minimum redemption price. The difference between fair value and nominal amount is kDKK 13,234, of which kDKK 5,179 relates to provisions for bad debts.

The fair value of the portfolio of mortgage deeds, kDKK 323,411, is distributed with kDKK 244,728 (kDKK 292,841) as fixed-rate mortgage deeds and kDKK 78,683 (kDKK 0) as cibor mortgage deeds.

Note 15 continued

Parent Company 2005/06 DKK ’000	Parent Company 2004/05 DKK ’000		Group 2005/06 DKK ’000	Group 2004/05 DKK ’000
		Distribution of mortgage deeds, nominal amount:		
258,040	302,158	Fixed-rate mortgage deeds	258,040	302,158
78,605	0	Cibor mortgage deeds	78,605	0
336,645	302,158		336,645	302,158
		Instalments on mortgage deeds are distributed as follows:		
10,608	8,880	Within one year from the balance sheet date	10,608	8,880
16,268	9,519	Between two and three years from the balance sheet date	16,268	9,519
8,485	10,093	Between three and four years from the balance sheet date	8,485	10,093
9,242	11,020	Between four and five years from the balance sheet date	9,242	11,020
292,042	262,646	After five years from the balance sheet date.	292,042	262,646
336,645	302,158		336,645	302,158

The Company’s investments in mortgage deeds give the Company a yield in the form of interest income and capital gains. Fixed-rate mortgage deeds have a nominal rate of interest of between 7.45% and 12.5%. Floating-rate mortgage deeds carry interest at the cibor rate plus an agreed addition.

Parent Company 2005/06 DKK ’000	Parent Company 2004/05 DKK ’000		Group 2005/06 DKK ’000	Group 2004/05 DKK ’000
		Distribution of nominal rate of interest, %:		
200,664	78,768	5.00% - 7.99%...	200,664	78,768
128,551	212,610	8.00% - 9.99%...	128,551	212,610
7,430	10,780	10.00% - 12.50%...	7,430	10,780
336,645	302,158		336,645	302,158

The increase for the year of provisions for losses on mortgage deeds in default, kDKK 426, is recognised in the income statement in the item ”Losses and direct expenses”, cf. note 4.

Note 15 continued

Bonds:

The portfolio of bonds consists of investments in Danish and foreign corporate and government bonds. The fair value of the investments is distributed on Danish bonds of kDKK 10,050 and foreign bonds of kDKK 464,893.

Parent Company			Group	
2005/06 DKK '000	2004/05 DKK '000		2005/06 DKK '000	2004/05 DKK '000
		Fair value of bonds distributed on currency:		
10,050	1,513	DKK	10,050	1,513
291,581	148,291	USD	291,581	148,291
150,763	125,860	EUR	150,763	125,860
22,549	4,552	NOK	22,549	4,552
474,943	280,216		474,943	280,216

The Group's bonds are all listed securities which give a possibility of yield in the form of interest income and capital gains. The fair value is calculated on the basis of current market information.

Fixed-rate Danish and foreign corporate and government bonds, kDKK 443,756, have a nominal rate of interest of between 4.5% and 10.8%. Floating-rate foreign corporate bonds, kDKK 31,187, carry interest at the cibor rate plus an addition of between 2.8% and 6.6%.

Parent Company 2005/06	Parent Company 2004/05		Group 2005/06	Group 2004/05
		Bonds at fair value are due for redemption as follows:		
10,050	33,171	2007	10,050	33,171
42,007	61,964	2008	42,007	61,964
25,496	35,372	2009	25,496	35,372
59,899	42,524	2010	59,899	42,524
337,491	107,185	After 2010	337,491	107,185
474,943	280,216		474,943	280,216

The average effective rate of interest in respect of bonds is 8.05% (7.39%).

Note 15 continued

Shares:

The portfolio of shares consists of investments in Danish and foreign companies. The fair value of the investments at 30 September 2006 is distributed on Danish shares of kDKK 121,454 and foreign shares of kDKK 1,161,363.

Parent Company			Group	
2005/06 DKK ’000	2004/05 DKK ’000		2005/06 DKK ’000	2004/05 DKK ’000
		Fair value of shares distributed on currency:		
121,454	91,581	DKK	121,454	91,581
382,625	225,819	USD	382,625	225,819
150,092	93,350	EUR	150,092	93,350
39,366	36,875	NOK	39,366	36,875
390,613	309,577	GBP	390,613	309,577
46,079	45,122	SEK	46,079	45,122
152,588	67,028	CHF	152,588	67,028
1,282,817	869,352		1,282,817	869,352

The Group’s shares are all listed securities. No fixed interest or profit share is added. The fair value is calculated on the basis of current market information.

Total fair value adjustment of mortgage deeds, bonds and shares for the year, kDKK 108,577, is recognised in the item “Fair value adjustment of financial assets”, cf. note 6.

16. Other receivables

		The item includes the following:		
6	6	Deposits	6	6
1,209	1,446	Mortgage deed receivables	1,209	1,446
0	129	Forward transactions	0	129
0	0	Rent receivables	39	10
15,576	9,127	Accrued interest not due	15,576	9,127
3,336	1,460	Other receivables	3,514	1,598
20,127	12,168		20,344	12,316

The carrying amounts correspond to the fair values of the assets. Accrued interest not due consists of interest on the portfolio of mortgage deeds and bonds. The items are assessed to be subject to limited credit risk. The risk assessment is based on an assessment of the creditworthiness of the individual debtors. Other receivables are not subject to any special creditor risks.

No special security has been provided in this connection.

17. Prepayments

The item includes prepaid expenses.

18. Cash and cash equivalents

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
3,177	3,735	Cash at bank and in hand	3,417	5,243
0	331	Current investments with an immaterial value risk	0	331
3,177	4,066		3,417	5,574

The Group's cash consists of deposits with well-reputed banks. Consequently, cash is not considered subject to any special credit risk. The bank deposits carry floating rates of interest. The carrying amounts correspond to the fair values of the assets.

19. Share capital

The share capital, which is fully paid-up, consists of:

			A-shares	B-shares	Total
2	shares of DKK	8,750,000 each	17,500		17,500
825,000	shares of DKK	100 each		82,500	82,500
			17,500	82,500	100,000

Each A-share entitles the holder to 10 votes, while 1 B-share entitles the holder to one vote.

Own shares:
In the financial year, no own shares have been acquired or sold. The Company has no portfolio of own shares.

Ownership shares for which the voting right amounts to at least 5%, or the nominal amount constitutes at least 5% of the share capital:
A. Rolf Larsen Holding S.A., Luxembourg. Ownership share: 77.70%. Share of votes: 91.34%.

20. Dividend

In February 2006, Investeringsselskabet Luxor A/S paid dividend to the shareholders of DKK 20 million, corresponding to DKK 20 per share. In June 2006, extraordinary dividend of DKK 15 million was paid, corresponding to DKK 15 per share.

For the financial year 2005/06, the Supervisory Board proposes a final dividend of DKK 35 million, corresponding to DKK 35 per share, which will be paid to the shareholders immediately after the Company's Annual General Meeting on 31 January 2007, provided that the Supervisory Board's proposal is adopted at the General Meeting. As the dividend is conditional on the adoption at the General Meeting, it has not been recognised as a liability in the balance sheet at 30 September 2006.

21. Earnings per share

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
		Earnings per share are calculated on the following basis:		
328,866	270,436	Profit to shareholders applied for the calculation of earnings per share	328,849	270,441
100,000	100,000	Average number of shares issued	100,000	100,000
328,9	270,4	Earnings per share	328,8	270,4
		Calculation of earnings per share distributed on A- and B-shares:		
57,552	47,326	A-shares' share of earnings	57,549	47,327
271,314	223,110	B-shares' share of earnings	271,300	223,114
328,866	270,436		328,849	270,441

Earnings per share and diluted earnings per share are identical.

22. Mortgage credit institutes

Parent Company 2005/06	Parent Company 2004/05		Group 2005/06	Group 2004/05
		Loans from mortgage credit institutes with mortgage on real property:		
71,785	61,341	Outstanding cash loans	115,182	140,139
71,901	63,513	Market value of outstanding bond debt	115,177	145,752
		Valuation of loans from mortgage credit institutes:		
70,243	61,728	Investment properties measured at fair value	113,519	143,968
1,628	1,645	Domicile property measured at amortised value	1,628	1,645
71,871	63,373		115,147	145,613

Fair value is calculated on the basis of current market information.

Note 22 continued

Parent Company 2005/06 DKK ’000	Parent Company 2004/05 DKK ’000		Group 2005/06 DKK ’000	Group 2004/05 DKK ’000
		Loans from mortgage credit institutes are recognised in the balance sheet as follows:		
68,265	60,304	Non-current liabilities	108,723	138,334
3,606	3,069	Current liabilities	6,424	7,279
71,871	63,373		115,147	145,613
		Outstanding cash loans are due as follows:		
3,607	3,069	Within one year from the balance sheet date	6,425	7,324
3,760	3,196	Between two and three years from the balance sheet date	6,697	7,634
5,389	4,798	Between three and four years from the balance sheet date	8,909	10,614
5,754	4,979	Between four and five years from the balance sheet date	9,423	11,030
53,275	45,299	After five years from the balance sheet date	83,728	103,537
71,785	61,341		115,182	140,139

The difference between fair value and outstanding cash loans amounts to kDKK 86 for the Parent Company and kDKK 35 for the Group. There have been no changes in credit risks. Consequently, credit risks have no influence on fair value.

Outstanding cash loans from mortgage credit institutes are specified as follows:

1) kDKK 28,622 in the Group and kDKK 16,064 in the Parent Company have been issued on the basis of 3% bonds with expiry in 2015. Cash loans with an effective rate of interest of 4.03%.

2) kDKK 22,389 in the Group and kDKK 16,844 in the Parent Company are 4% interest adjustment loans with expiry in 2008. In 2008, a new rate of interest will be fixed, and the loans will be amortised over a 10-year period. The effective rate of interest is 5.27%.

3) kDKK 3,577 in the Group and kDKK 0 in the Parent Company are 5% interest adjustment loans. The loans will be subject to interest rate adjustment for the first time in 2007 and expire in 2019. The effective rate of interest is 5.10%.

4) kDKK 1,648 in the Group and kDKK 1,648 in the Parent Company are 4% interest adjustment loans. The loans will be subject to interest rate adjustment for the first time in 2007 and expire in 2021. The effective rate of interest is 5.11%.

5) kDKK 2,196 in the Group and kDKK 0 in the Parent Company have been issued on the basis of 4% bonds with expiry in 2020. Cash loans with an effective rate of interest of 4.66%.

6) kDKK 890 in the Group and kDKK 0 in the Parent Company have been issued on the basis of 5% bonds with expiry in 2025. Cash loans with an effective rate of interest of 5.02%.

Note 22 continued

7) kDKK 42,347 in the Group and kDKK 23,716 in the Parent Company have been issued on the basis of 4% bonds with expiry in 2025. Cash loans with an effective rate of interest of 4.09%.

8) kDKK 13,513 in the Group and kDKK 13,513 in the Parent Company have been issued on the basis of 5% bonds with expiry in 2028. Cash loans with an effective rate of interest of 5.09%.

23. Credit institutions

Parent Company			Group	
2005/06 DKK ’000	2004/05 DKK ’000		2005/06 DKK ’000	2004/05 DKK ’000
		The fair value of debt to credit institutions is distributed as follows:		
0	10,038	Overdraft facilities	0	10,038
1,071,084	710,780	Loans	1,071,084	710,780
1,071,084	720,818		1,071,084	720,818

The fair value of loans is calculated as the present value of expected future payments of interest and instalments by use of the current market rate of interest as discounting factor. Overdraft facilities are measured at fair value, which mainly corresponds to nominal amount.

Changes in fair value are solely due to changes in yield curves. The difference between fair value and nominal amount is kDKK 2,001 (kDKK –10,913). The Company’s credit-worthiness is assessed to be unchanged.

Parent Company 2005/06	Parent Company 2004/05		Group 2005/06	Group 2004/05
		Nominal debt to credit institutions distributed on currency:		
342,000	218,038	DKK	342,000	218,038
289,784	139,486	USD	289,784	139,486
81,835	58,429	EUR	81,835	58,429
17,752	4,615	NOK	17,752	4,615
254,656	187,888	CHF	254,656	187,888
87,058	101,449	JPY	87,058	101,449
1,073,085	709,905		1,073,085	709,905
		The nominal debt to credit institutions falls due as follows:		
0	10,038	At call within one year from the balance sheet date	0	10,038
1,073,085	699,867	Between two and three years from the balance sheet date..	1,073,085	699,867
1,073,085	709,905		1,073,085	709,905

Note 23 continued

A commitment for refinancing has been rendered in respect of the loans which fall due within 1 year, for which reason the amount has been recognised as a non-current liability that falls due between two and three years from the balance sheet date.

Parent Company			Group	
2005/06 DKK ’000	2004/05 DKK ’000		2005/06 DKK ’000	2004/05 DKK ’000
		The nominal debt to credit institutions carries interest as follows:		
607,139	552,595	Floating-rate loans with agreed interest rate, below 1 year	607,139	552,595
465,946	157,310	Fixed-rate loans with agreed interest rate, more than 1 year	465,946	157,310
1,073,085	709,905		1,073,085	709,905
		Effective rate of interest, credit institutions:		
4.81%	3.61%	Overdraft facilities (average)	4.81%	3.61%
3.98%	3.04%	Loans (average)	3.98%	3.04%

Percentage distribution of loans, including forward transactions:

Column 1 shows percentage distribution of the foreign loans mentioned, and column 2 shows the distribution of these loans after conversion via matching forward transactions.

	30 September 2006		30 September 2005	
	1	2	1	2
DKK	31.87%	7.38%	29.71%	15.42%
USD	27.00%	37.67%	19.93%	19.81%
EUR	7.63%	7.64%	8.35%	8.33%
NOK	1.66%	1.66%	0.66%	0.66%
CHF	23.73%	32.96%	26.85%	41.06%
JPY	8.11%	12.69%	14.50%	14.72%
	100.00%	100.00%	100.00%	100.00%

24. Other payables

Parent Company 2005/06 DKK '000	Parent Company 2004/05 DKK '000		Group 2005/06 DKK '000	Group 2004/05 DKK '000
6,093	3,587	Accrued interest	6,327	4,159
14,307	12,008	Accrued wages and salaries, A-tax, social contributions	14,307	12,008
1,991	767	Holiday pay obligations	1,992	769
1,188	0	Forward transactions	1,188	0
1,311	1,542	Other accrued expenses	2,145	2,695
24,890	17,904		25,959	19,631

The carrying amounts of accrued pay-related items, forward transactions and other accrued expenses correspond to the fair values of the liabilities.

Holiday pay obligations are the Group's obligation to pay salaries during holiday periods which, as at the balance sheet date, the employees have earned a right to take in the following financial year.

25. Deferred income

The item includes prepaid rent and consumption taxes.

26. Forward transactions

The Parent Company and the Group have entered into forward exchange contracts that do not qualify for hedge accounting. The outstanding forward exchange contracts are specified as follows:

		Term to maturity	Contractual value per currency in thousands	Fair value DKK '000	Value adjustment in income statement DKK '000
30 September 2005:					
Forward exchange contracts	USD	0-180 days	31,303	193,988	-158
Forward exchange contracts	GBP	0-180 days	12,300	134,595	-283
Forward exchange contracts	CHF	0-180 days	20,606	98,817	570
				427,400	129
30 September 2006:					
Forward exchange contracts	USD	0-180 days	62,671	369,175	-2,720
Forward exchange contracts	GBP	0-180 days	12,800	140,855	229
Forward exchange contracts	CHF	0-180 days	20,936	98,313	1,009
Forward exchange contracts	JPY	0-180 days	978,838	48,880	294
				657,223	-1,188

The Group has entered into forward transactions for net kDKK 657,223. Of this amount, kDKK 260,922 relates to conversion of loans and kDKK 396,301 to hedging of securities in foreign currencies.

27. Related parties

Related parties in the Parent Company and the Group comprise A. Rolf Larsen Holding S.A, the Supervisory Board and the Executive Board.

A. Rolf Larsen Holding S.A. has a controlling interest in the Company through ownership of the majority of the votes. There have been no transactions with A. Rolf Larsen Holding S.A. during the year, except for dividend payments. The Company has no information concerning the ultimate ownership of A. Rolf Larsen Holding S.A.

During the year, there have been no transactions with the Supervisory and Executive Boards, except for management remuneration, fee for legal assistance and reimbursement of outlays.

In addition, related parties include the subsidiaries, DI-Ejendoms Invest A/S, Copenhagen and Metalvarefabriken Luxor A/S, Copenhagen as well as the sister company, Dansk Industri Holding A/S, Copenhagen and the Parent Company, A. Rolf Larsen Holding S.A., Luxembourg.

Transactions with DI-Ejendoms Invest A/S consist of a management agreement under which DI-Ejendoms Invest A/S pays an annual management fee of 4% p.a. of the annual rent, however minimum kDKK 403. In the financial year, an amount of kDKK 479 was received. The price has been agreed on an arm's length basis.

Apart from the intercompany account, there have been no transactions with Metalvarefabriken Luxor A/S.

Transactions with Dansk Industri Holding A/S consist of an agreement concerning allocation of expenses. The price has been determined at cost, and the allocation is based on a ratio calculated on the basis of actual consumption. Investeringsselskabet Luxor A/S has received a net amount of kDKK 436 in the financial year.

The Parent Company's accounts with group enterprises at 30 September 2006 are stated in the balance sheet. The accounts with group enterprises relate to ordinary business transactions and carry interest.
Apart from this, there are no outstanding accounts with related parties at 30 September 2006.

28. Security, contingent liabilities, surety and other guarantee obligations

Parent Company			Group	
2005/06 DKK '000	2004/05 DKK '000		2005/06 DKK '000	2004/05 DKK '000
		The Group has provided the following security for commitments with credit institutions:		
2,081,171	1,442,240	Mortgage deeds, bonds and shares at fair values ..	2,081,171	1,442,240
15,576	9,127	Accrued interest on mortgage deeds and bonds....	15,576	9,127
1,690	3,043	Cash at bank and in hand	1,690	3,043
		Debt to mortgage credit institutes:		
		Mortgage debt secured through mortgage in investment properties and domicile property:		
109,903	105,406	Carrying amount of mortgaged properties	199,703	268,906

Note 28 continued

Parent Company			Group	
2005/06 DKK ’000	2004/05 DKK ’000		2005/06 DKK ’000	2004/05 DKK ’000
		The Group’s VAT adjustment liability concerning purchase of properties, new building and maintenance amounts to:		
		VAT adjustment liabilities are as follows:		
940	1,095	VAT adjustment liabilities	2,561	3,999

Security in the amount of kDKK 260 has been provided in connection with a cancellation.

The Parent Company is jointly and severally liable for payment of corporation taxes relating to previous years in the companies included in the joint taxation before 2005 (the Parent Company and Metalvarefabriken Luxor A/S). As from 2005, the joint taxation includes all Danish group enterprises. Investeringsselskabet is the management company in respect of the joint taxation. The liability relating to corporation tax solely comprises that part of the tax which can be referred to the Company and amounts received from subsidiaries for the purpose of the joint settlement.

The Group has no other surety or guarantee obligations or contingent liabilities than those stated in the Annual Report.

29. Risk factors

The Company’s objective is to achieve the best possible long-term return on capital invested by the Company’s shareholders considering the investment risk.

Investments are made in mortgage deeds, shares, bonds and properties. The investment horizon is basically long-term, and investments of both own capital and loan capital are made. Investment in an investment company is always subject to some risk. The risk relates partly to the Company’s portfolio of assets and liabilities and partly to the Company as an investment company.

The Company has chosen a long-term investment horizon based on the expectation that short-term price fluctuations, if any, will be of minor importance in the long term, and that this strategy provides a possibility of obtaining additional return on the investments made.

The Company makes an active effort to reduce and spread the risk as much as possible. This is done by working on several risk diversification levels. Investments are partly made in portfolios of different types of assets, which first of all ensures risk diversification by asset type. Moreover, efforts are made to ensure risk diversification within the individual types of assets, which reduces the risk within the individual investment segments. Last, but not least, the individual investment possibilities are always thoroughly investigated so that the Company obtains detailed knowledge of the valuation supporting each investment.

Note 29 continued

A considerable part of the Company's assets and loan capital is denominated in foreign currencies. Targeted efforts are made to control the Company's currency risk.

The Company's activities are subject to various risk factors, some of which are described below. The description of risks cannot be considered exhaustive. The Group's Supervisory and Executive Boards are very much aware of the financial risk involved in investing in financial assets and properties. In connection with the daily transactions, the Company is constantly working to reduce the Group's risks, and the overall exposure of the Group is monitored by the Supervisory and Executive Boards on a current basis. On a regular basis, the Company's Supervisory Board reviews and assesses the individual risk areas on the basis of a statement prepared by the Executive Board.

The section "Risk relating to equity and market values upon change of parameter" in Management's Review shows the sensitivity of a number of significant balance sheet items at 30 September 2006.

Market risk

The market risk is the risk of losses due to changes in the market values of the Group's assets and liabilities because of changes in market conditions on the Danish and global markets.

The Group cannot avoid market risk and assumes a carefully balanced amount of voluntary market risk in order to achieve satisfactory returns on the capital invested and in order to meet the Group's objectives. Considerable importance is attached to current control of the market risk.

Mortgage deeds

Investing in mortgage deeds involves a general market risk. The value of mortgage deeds as an investment depends on several factors, including the debtors' ability to service the loans and the general development on the property market.

Decreasing property values reduce the Group's security in the individual property and thereby the individual mortgage deed, which may increase the Company's losses on mortgage deeds. The interest margin between the short-term and the long-term rates of interest may be reduced, which may have a negative influence on the valuation of the Company's mortgage deeds. Declining property market activities and early redemptions may result in lower net additions of mortgage deeds than expected and consequently lower earnings on the mortgage deed portfolio.

An active effort is made to reduce the risk of losses. When possible losses on mortgage deeds are ascertained, active efforts are made to reduce these losses on the basis of legal and business-related measures.

Bonds

Investing in bonds involves a general market risk. The value of bonds as an investment typically depends on the development on the global bond market.

Note 29 continued

The price of the bonds is influenced by the development in the general level of interest rates and shifts in global liquidity and credit differentials. Moreover, various specific circumstances may influence the price and result in changes of ratings. If the rating of an enterprise or a state is downgraded, this will have a negative effect on the bonds issued and will therefore have a negative influence on the value of the Group's portfolio of bonds.

The Company invests in both government and corporate bonds, including bonds that are above/below investment grade. Bonds below investment grade are typically subject to a higher risk of default, and consequently a higher risk of losses, than bonds above investment grade. For bonds with a rating below investment grade, the generally higher yield is payment for assuming a higher risk. Bonds rated at investment grade are rated BBB and above by S&P.

The Company is working actively to reduce the risks through the use of analyses when selecting bonds for the portfolio. A broad portfolio is established in order to make up for losses on individual investments; however, this does not eliminate the risk of loss. Moreover, the Company endeavours to ensure current updating of market developments, interest rate trends and monitoring of the risk, so as to be able to adjust the investments within the bond segment on a current basis. However, there is no certainty that losses may not occur.

Shares

Investing in shares involves a general market risk. The share risk relates partly to the general development on the share market, and partly to the actual choice of shares for the Company's portfolio, as the price-development for these shares may deviate from the general development. Management is generally working with a long-term investment horizon of 5-7 years. Consequently, it is expected that short-term price fluctuations, if any, will be of minor importance in the long term.

Management is working actively on reducing the general market risk through the use of analyses in connection with the selection of shares for the portfolio. Liquidity and risk diversification in respect of the portfolio of shares is achieved by investing in both Danish and foreign shares as well as in various types of shares and in companies of different sizes. The shares of foreign companies often show a higher rate of turnover and therefore higher liquidity compared with the Danish market. In order, among other things, to ensure the liquidity of the portfolio of shares, the Group has weighted foreign shares highly in the portfolio.

The prices of shares in a single sector may fluctuate more than the share market in general, and the over- or under-weighting of sectors in the share portfolio may therefore affect the return on the Company's share portfolio positively or negatively compared with the general share market.

Properties

Investing in properties involves a general market risk. The property risk relates partly to market conditions on the property market, and partly to developments on the capital market. The Company's properties are insured against physical damage and third-party liability. The Company's properties are assessed not to be subject to any material technical risks.

Note 29 continued

The price development for the Company's properties is affected by the development in trade and industry, the development in traffic structures, the need for and the supply of properties. All these issues are affected by the general economic development, including particularly the development in interest rates on investments and investors' yield requirements.

A few of the Company's properties are subject to a proviso concerning possible pollution. All known and expected environmental expenses are deducted from the fair value of the individual properties in the balance sheet.

It is the Company's opinion that the fair value at which the Company's properties is recognised take the current risks into account.

Currency risk

A relatively large part of the Group's assets and liabilities is in another currency than DKK. Measured in Danish kroner, the values of investments and loans in a foreign currency increase or decrease according to exchange fluctuations of the currencies concerned. Major exchange fluctuations may have a significant effect on the Company's balance sheet and consequently also on financial results.

The Company endeavours, to the extent expedient, to limit currency risks by entering into forward contracts and by raising loans in the same currencies as the assets. Although the Company's currency exposure in relation to both investments and loan financing is monitored on a current basis, the Company will not always hedge all currency risks relating to the Company's assets and liabilities. The reason for this is, among other things, that Management currently composes a given currency exposure as part of the investment strategy.

In order to limit the risk, the Supervisory Board has established limits for transactions in various currencies with a view to controlling the currency risk.

The Group's total currency exposure on assets and liabilities is as follows:

	30 September 2006		30 September 2005	
	Assets	Liabilities	Assets	Liabilities
DKK	679,080	917,027	679,397	816,604
GBP	390,613	140,855	309,577	134,595
EUR	300,855	81,835	206,776	58,429
SEK	46,079	0	45,122	0
NOK	61,915	17,752	47,459	4,615
CHF	152,588	352,961	67,028	286,705
USD	674,206	658,968	380,512	333,474
JPY	0	135,938	0	101,449
	2,305,336	2,305,336	1,735,871	1,735,871

Note 29 continued

Financial instruments

The use of forward contracts for the hedging of investments in assets in foreign currencies and the raising of loan-financing involves risks. The risk of buying and selling foreign currencies on forward contracts is that the rates of exchange of the currencies concerned may fluctuate in relation to DKK within the forward period. Consequently, a given forward transaction may turn out to be loss-making.

Interest risk

There will always be a risk that the value of a portfolio of interest-bearing securities may change as a consequence of a change in the interest rate level on the financial markets. The interest risk primarily relates to the Company's investments in mortgage deeds and bonds as well as the financing rate.

Fluctuations in rates of interest affect the Company's assets and liabilities, and consequently also financial results.

Changes in the rate of interest on mortgage deeds will affect the price of mortgage deeds, and consequently also the fair value of the portfolio of mortgage deeds.

The yield on bonds may vary, and an increasing level of interest rates is a considerable risk factor. For bond investments, the interest risk relates partly to the general level of interest, and partly to the interest rate development in respect of the specific bonds in the Company's portfolio.

The Company has an interest risk on loans, as the interest rate developments will affect the Company's financial expenses. In order to reduce the interest risk, a part of the loan financing has been raised as long-term fixed-rate loans in order to secure part of the interest differential against changes in interest rates. The Company composes the loan portfolio on the basis of the expectations for the future development in interest rates and in view of the wish to achieve some stability in the earnings pattern.

Investment by means of loan capital

Investment by means of loan capital involves risks. The Company uses loan capital for the financing of part of its investments. Part of the financing takes place through the raising of loans in foreign currencies. This means that the Company must pay instalments and interest in foreign currencies. Due to the raising of loan capital in foreign currencies, changes in the level of interest and foreign exchange rates may have the effect that the value of the investment portfolio does not necessarily correspond to the value of the Company's loan capital and equity. Moreover, situations may arise where interest payments on loan capital may exceed the return on the assets, which will influence results negatively.

Credit risk

The credit risk is the risk of losses due to one or more debtors' default on their payment obligations. The credit risk also comprises country and settlement risks, of which the latter is most relevant to the Group. In order to limit the credit risk, the summarised risk is assessed on a current basis by the Executive and Supervisory Boards.

Note 29 continued

Liquidity risk

The liquidity risk is the risk that the Group will have difficulty in procuring the necessary liquidity to meet its obligations. This may occur due to declines in the prices of investment assets, illiquidity in respect of investment assets and increasing funding expenses, which will prevent the Group from concluding new transactions or have the effect that the Group will not be able to meet its obligations – both due to lack of funding. Management assesses the risk to be limited, as the investment portfolio is considered to have the necessary liquidity, and the Company is working with an exactly balanced gearing of the investment portfolio.

Cash flow risk

The cash flow risk is the risk that the cash flows of the investment assets will fluctuate as a consequence of changes in the market rate. The cash flow risk primarily relates to the Group's portfolio of cibor mortgage deeds, floating-rate bonds and the Group's debt. The cash flow risk on the debt can be divided into short-term risk and long-term risk, as a number of the Company's loans are long-term.

Staff risks

The Group is dependent on competent and motivated employees. Management expects to employ additional employees in the organisation in 2006/07. Moreover, there is focus on further training of employees in order to retain and attract well-qualified employees, who can contribute to ensuring that the Group is able to fulfil its objectives.

System risks

The Company is working actively on safeguarding the Group's IT security. General IT guidelines have been prepared, which provide a security level that should ensure stable operations.

Managerial Duties of the Supervisory and Executive Boards

The members of the Company's Supervisory and Executive Boards hold the following managerial duties in Danish limited companies other than wholly owned subsidiaries.

(C)	CEO
(S)	Member of Supervisory Board
(SC)	Member of Supervisory Board and CEO

Frede Lund:	Grupe's Hjørne A/S, Odense (S)
Flemming Pfingstl:	Planex A/S af 1984 (SC) Victoria Pharma A/S (S)
Casper Moltke:	Damstahl A/S (S), Damstahl Tooling A/S (S), Afviklingsselskabet af 30. December 2005 A/S (S), Valvas Holding A/S (S), Valvas Ejendom A/S (S), Dansk Erhvervs Revision A/S (S), FFH Invest (S), Knud E. Sørensen A/S (S), Lion & Dolphin A/S (S), Bangs Marmelade A/S (S)
Svend Rolf Larsen:	Dansk Industri Holding A/S (SC), Planex A/S af 1984 (S), Lion & Dolphin A/S (S)

Stock Exchange Announcements Issued in the Financial Year

9 November 2005	Adjustment Announcement
12 December 2005	Preliminary Announcement of Financial Results 2004/05
5 January 2006	Notice of Annual General Meeting
24 January 2006	Annual Report 2004/05
30 January 2006	Articles of Association
30 January 2006	Minutes of the Company's Annual General Meeting on 30 January 2006
27 February 2006	Interim Report for Q1 as at 31 December 2005
10 March 2006	Adjustment Announcement, Sale of Properties
14 March 2006	Adjustment Announcement, Sale of Properties
19 May 2006	Half-yearly Report
12 June 2006	Distribution of Extraordinary Dividend
31 August 2006	Interim Report for Q3 2006 as at 30 June 2006
31 August 2006	Correction to Interim Report for Q3 2006
19 September 2006	Financial Calendar