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ACCOUNTING POLICIES

The Annual Report of Per Aarsleff A/S for 2005/2006, comprising the Financial Statements of the Parent Company and the Consolidated Financial Statements, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reporting of listed companies, cf. the financial reporting requirements of the Copenhagen Stock Exchange regarding listed companies and the IFRS notification issued according to the Danish Financial Statements Act. The Annual Report has moreover been prepared in accordance with the International Financial Reporting Standards as issued by IASB.

The Annual Report is presented in Danish kroner (DKK), which is considered the primary currency for the Group's activities and the functional currency for the Parent Company.

The Annual Report was prepared on the basis of historical cost prices, except for certain financial instruments which are measured at fair value. Significant accounting policies are described below.

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

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

In connection with the change, IFRS 1 on first-time adoption of IFRS has been applied. According to this, the Opening Balance Sheet at 1 October 2004 and the comparative figures for 2004/2005 have been prepared in accordance with the standards and interpretations applying as from 30 September 2006. The Opening Balance Sheet at 1 October 2004 has been prepared as had the standards and interpretations always been applied, except where the special transition and commencement provisions of IFRS 1, as described below, have been applied.

Business combinations

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

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

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

Exchange adjustments concerning investments in foreign entities

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

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

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

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

Share-based payment

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

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

Joint ventures

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

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

Financial instruments

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

Reclassifications

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

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

Cash flow statement

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

Highlights and financial ratios

Highlights and financial ratios for 2004/2005 and 2005/2006 have been prepared in accordance with IFRS. Highlights and financial ratios for the financial years 2003/2004, 2002/2003 and 2001/2002 have not been restated according to the changed accounting policies in connection with the change to financial reporting under IFRS. These highlights and financial ratios have been calculated in accordance with the previous accounting policies and therefore correspond to the highlights and financial ratios stated in the Annual Report 2004/2005.

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

THE ACCOUNTING EFFECT OF THE CHANGE TO IFRS IS AS FOLLOWS:

DKK '000	Parent				Group			
	2004/2005	30 September 2005			2004/2005	30 September 2005		
	Profit/loss for the year	Assets	Liabilities	Equity	Profit/loss for the year	Assets	Liabilities	Equity
Previous accounting policies	**59,180**	**1,628,306**	**795,783**	**832,523**	**59,180**	**1,987,544**	**1,155,021**	**832,523**
Investments in subsidiaries and associates including goodwill are measured at cost	(32,533)	(215,408)	761	(216,169)				
Dividend from subsidiaries and associates	19,360							
Goodwill, amortisation discontinued	5,377	5,377		5,377	5,377	5,377		5,377
Share-based payment, employee shares	(13,416)				(13,416)			
Share-based payment, share options	(13,194)		16,433	(16,433)	(13,194)		16,433	(16,433)
Tax, associates	(4,621)				(4,621)			
Tax effect of adjustments	11,404		(3,932)	3,932	11,404		(3,932)	3,932
Total adjustments	**(27,623)**	**(210,031)**	**13,262**	**(223,293)**	**(14,450)**	**5,377**	**12,501**	**(7,124)**
Calculated under IFRS	**31,557**	**1,418,275**	**809,045**	**609,230**	**44,730**	**1,992,921**	**1,167,522**	**825,399**

ACCOUNTING POLICIES

CASH FLOWS ARE AFFECTED AS FOLLOWS:

DKK '000			**Parent**			**Group**
			2004/2005			2004/2005
	Previous accounting policies	Adjustments	Calculated under IFRS	Previous accounting policies	Adjustments	Calculated under IFRS
Cash flows from operating activities	110,082	(13,415)	96,667	168,179	(13,416)	154,763
Cash flows from investing activities	(109,002)	49,430	(59,572)	(177,829)	49,701	(128,128)
Cash flows from financing activities	(38,898)	13,416	(25,482)	(55,186)	13,416	(41,770)
Change in cash and cash equivalents	**(37,818)**	**49,431**	**11,613**	**(64,836)**	**49,701**	**(15,135)**

OPENING EQUITY HAS BEEN CALCULATED AS FOLLOWS:

	Parent	**Group**
Balance at 1 October 2004 according to previous accounting policies	**772,160**	**772,160**
Value of options beginning of year	(3,240)	(3,240)
Tax hereon beginning of year	907	907
Investments in subsidiaries	(178,475)	0
Investments in associates	(17,394)	0
Balance at 1 October 2004 under IFRS	**573,958**	**769,827**

Description of significant accounting policies

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company Per Aarsleff A/S and the subsidiaries which are controlled by the Parent Company. The Parent Company is considered to be in control when the Group directly or indirectly holds more than 50% of the votes or otherwise is able to exercise or actually exercises control.

Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates and are recognised at net asset value.

The Consolidated Financial Statements are prepared on the basis of financial statements for the Parent Company and the individual subsidiaries by combining accounting items of a uniform nature. At the consolidation elimination is made of intercompany income and expenses, unrealised intercompany profits/losses, accounts and settlement of internal shareholdings. Investments in subsidiaries are set off against the Parent Company's share of the fair value of the subsidiaries' identifiable net assets and recognised contingent liabilities at the date of acquisition.

Joint ventures

The Group participates in a number of joint ventures in which none of the participating parties has controlling interest. All joint ventures are classified as jointly controlled activities. Revenue and expenses as well as assets and liabilities relating to the jointly controlled activities are recognised both in the Financial

Statements of the Parent Company and in the Consolidated Financial Statements according to the joint venture agreement.

Business combinations

The purchase method is used for the acquisition of subsidiaries and associates. Identifiable assets, liabilities and contingent liabilities of the enterprises acquired are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated and the fair value can be calculated reliably. Deferred tax on revaluations made is recognised.

The cost of an enterprise consists of the fair value of the remuneration paid with addition of the expenses directly attributable to the acquisition. If the final fixing of the remuneration is conditional upon one or more future events, these adjustments are recognised in cost only if the event concerned is likely to occur and the effect on the cost can be calculated reliably.

Positive differences between cost and fair value (goodwill) on acquisition of subsidiaries are recognised in intangible assets and are tested for impairment on an annual basis. Positive differences (goodwill) on acquisition of associates are recognised in the balance sheet under investments in associates. Negative differences (negative goodwill) are recognised as income in the income statement at the date of acquisition.

Enterprises acquired are recognised from the date of acquisition, while enterprises sold are recognised up until the date of sale.

If the fair values of assets and liabilities taken over subsequently turn out to deviate from the values calculated at the date of acquisition, goodwill in this respect is adjusted until 12 months after the acquisition.

Translation policies

A functional currency is determined for each of the reporting entities. The functional currency is the currency used in the primary financial environment in which the individual entity is operating. Transactions in other currencies than the functional currency are transactions in foreign currencies, which are translated into the functional currency at the exchange rates at the date of transaction.

Receivables and payables in foreign currencies are translated into the functional currency at the official exchange rates at the balance sheet date. Exchange differences arising between the transaction date rates and the rates at respectively the dates of payment and the balance sheet date are recognised in financials, net in the income statement.

The balance sheets and consolidated goodwill of foreign consolidated enterprises are translated at the exchange rate at the balance sheet date while the income statements are translated at the exchange rate prevailing at the date of transaction. Exchange differences arising upon translation of the equity of foreign subsidiaries and associates at the beginning of the year at the exchange rates at the balance sheet date as well as at the translation of income statements from the exchange rates prevailing at the date of transaction to the exchange rates at the balance sheet date are taken directly to equity as a special reserve for foreign currency translation adjustments.

Derivative financial instruments

Derivative financial instruments are recognised in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other debt respectively. Fair values are determined on the basis of market data as well as generally accepted valuation methods.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future cash flows are recognised directly in equity. At realisation of the hedged transaction, gains or losses concerning such hedging transactions are transferred from equity and recognised in the same accounting item as the hedged instrument.

For derivative financial instruments not qualifying as hedges, changes in the fair value are recognised currently in financials in the income statement.

Leases

The Group's lease contracts are all classified as operating leases. Payments in connection with operating leases are recognised in the income statement over the lease period.

State grants

State grants comprise grants for projects and investments, etc. Grants for projects are systematically booked as income in the income statement to offset the expenses for which they compensate. Grants for investments are set off against the costs of the assets for which grants are provided.

Share-based payment

In connection with the issue of share options, the employees may choose between buying shares at an agreed price or having the difference between the agreed price and the actual share price settled in cash. Share option plans are measured at fair value at the date of allotment and are recognised in the income statement under staff expenses over the period in which the final right to the options is obtained. Subsequently, the fair value of the share options is measured on each balance sheet date and at final settlement. The changes in the value of the share options are recognised in the income statement on a proportionate basis in relation to the past part of the period in which the final right to the options is obtained. The counter item to this is recognised in debt.

The fair value has been calculated by use of the Black Scholes formula based on the parameters stated in note 6.

When the employees are given the opportunity to subscribe for shares at a price that is lower than the market price, the favourable element is recognised as an expense under staff expenses. The counter item to this is recognised directly in equity. The favourable element is calculated at the time of subscription as the difference between the market value and the subscription price for the shares.

INCOME STATEMENT

Revenue

Revenue comprises finished contract work and contract work in progress as well as the sale of goods for resale and finished goods.

Revenue on the sale of goods for resale and finished goods is recognised in the income statement if delivery has taken place before the end of the year. Revenue is measured exclusive of value added tax and price reductions directly related to the sale.

Contract work in progress is recognised in revenue at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method).

Production costs

Production costs comprise direct and indirect expenses paid to achieve revenue for the year, including expenses for materials, consumables, wages and salaries, leases, amortisation, depreciation and impairment losses, subcontractor expenses, expenses for planning and submission of tender as well as provision for bad debts in respect of work in progress and warranty obligations for finished contracts.

Administrative expenses and selling costs

Administrative expenses and selling costs comprise expenses for Management and administration, including expenses for administrative staff, Management, office supplies, insurance, sales and marketing as well as depreciation.

Other operating income and expenses

Other operating income and expenses comprise accounting items of a secondary nature in relation to the activities of the Company.

Profit/loss on investments in associates in the Consolidated Financial Statements

The share of profit/loss after tax in associates is recognised in the consolidated income statement after adjustment for unrealised intercompany gains/losses and less any impairment of goodwill.

Dividend on investments in subsidiaries and associates in the Financial Statements of the Parent Company

Dividend from investments in subsidiaries and associates are recognised as income in financials, net in the income statement of the Parent Company in the financial year in which the dividend is declared. To the extent dividend exceeds accumulated earnings after the date of acquisition, the dividend is however recognised as write-down of the cost of the investment.

Financials, net

Financials, net comprise interest, capital gains and losses on securities as well as accounts and transactions in foreign currencies, amortisation of financial assets and liabilities as well as extra payments and repayment under the on-account taxation scheme, etc. Moreover, realised and unrealised gains and losses concerning derivative financial instruments that cannot be classified as hedging agreements are included.

Tax on profit/loss for the year

The Company is comprised by the Danish rules on compulsory joint taxation of the Danish companies of the Group. Subsidiaries are included in the joint taxation from the time when they are included in the consolidation in the Consolidated Financial Statements and until the time when they are excluded from the consolidation.

The Company is management company in respect of the joint taxation and consequently settles all payments of corporation tax with the tax authorities.

The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with reimbursement of tax losses). The jointly taxed companies are included in a Danish tax prepayment scheme.

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

Changes in deferred tax as a consequence of changed tax rates are recognised in the income statement.

BALANCE SHEET

Intangible assets

Goodwill is initially recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but is tested for impairment once a year and in case there is an indication of impairment, and is written down to the recoverable amount over the income statement if the carrying amount is higher.

The carrying amount of goodwill is allocated to the cash generating units of the Group on the date of acquisition.

Patents and other intangible assets are measured at cost less accumulated amortisation and less any accumulated impairment losses. Amortisation is calculated on a straight-line basis over the period of the agreement or a shorter useful life, at present corresponding to 5-7 years. The basis of amortisation is reduced by any impairment losses.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers. Financing expenses in the period of construction are not recognised.

Depreciation is calculated on a straight-line basis over the useful lives of the assets, which are:

Production buildings	20 years
Administration buildings	50 years
Plant and machinery	8-10 years
Other plant, fixtures and operating equipment	5-10 years

No depreciation is made on land. Furthermore, no depreciation is made if the scrap value of the assets exceeds the carrying amount. The scrap value is determined at the date of acquisition and is reassessed on an annual basis.

Property, plant and equipment are written down to recoverable amount if this is lower than the carrying amount.

Gains and losses on the sale of property, plant and equipment are recognised in the income statement under cost of sales or administrative expenses, or other operating income/expenses respectively, and are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of the sale.

Investments in associates in the Consolidated Financial Statements

Investments in associates are measured under the equity method.

In the balance sheet, the investments are measured at the proportionate share of the net asset value of the enterprises with deduction or addition of unrealised intercompany gains and losses, and with addition of the carrying amount of goodwill. Associates with a negative net asset value are measured at DKK 0. Any legal or constructive obligation of the Group to cover the negative balance of the associate is recognised in debt.

Any receivables from associates are written down to the extent the receivable is considered irrecoverable.

Recognition of investments in the Financial Statements of the Parent Company

Investments in subsidiaries and associates are measured at cost. Where the cost exceeds the recoverable amount, the investment is written down to its lower recoverable amount. The cost is written down to the extent that dividend received exceeds accumulated earnings after the date of acquisition.

Impairment of long-term assets

The carrying amounts of intangible assets, property, plant and equipment as well as other long-term assets are assessed at least once a year in order to determine whether there is any indication of impairment. If so, the recoverable amount of the asset is assessed. The recoverable amount of goodwill and intangible assets with indefinable useful lives is however always assessed on an annual basis.

If the asset does not generate cash flows independently, the recoverable amount of the smallest cash-generating unit of which the assets part is determined.

The recoverable amount is the higher of the fair value of an asset less expected selling expenses and value in use, which is the discounted value of expected future cash flows generated by the asset.

Impairment losses are recognised in the income statement when the carrying amount of an asset exceeds the recoverable amount of the asset.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that there have been changes in the assumptions and estimates resulting in the impairment loss. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount of the asset after amortisation/depreciation, had the asset not been written down.

ACCOUNTING POLICIES

Receivables from subsidiaries and associates
Receivables under long-term assets held to maturity are measured at amortised cost reduced by any impairment losses.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value for the individual item groups.

The cost of raw materials, consumables and goods for resale equals landed cost.

The cost of finished goods comprises the cost of materials and direct labour with addition of indirect production costs. Financing expenses in the construction period are not recognised.

Receivables
Receivables are measured at amortised cost less write-downs to meet impairment losses.

Work in progress
Contract work in progress is measured at the selling price of the work performed less invoicing on account and write-downs to meet expected losses.

The selling price is based on the stage of completion at the balance sheet date and the total expected income on the individual work in progress. The stage of completion is determined on the basis of an assessment of the work completed.

When it is probable that total expenses exceed total income from work in progress, provision is made to meet the total expected loss on the contract. When the selling price cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Contracts on which the selling price of the work performed exceeds invoicing on account and expected losses are recognised in receivables. Contracts on which invoicing on account and expected losses exceed the selling price are recognised in debt. Prepayments from customers are recognised in debt.

Financing expenses concerning contracts are not recognised in the value of work in progress.

Expenses relating to sales and tender work to obtain contracts are expensed in the income statement in the financial year in which they are incurred.

Prepayments
Prepayments recognised in short-term assets include expenses incurred concerning subsequent financial years.

Other financial assets
Financial assets (held-to-maturity) are recognised in long-term assets at fair value with addition of transaction costs relating directly to the acquisition. The financial assets are subsequently measured at amortised cost by application of the effective interest method.

Recognition of financial assets ceases when the contractual rights to the asset terminate or the Company transfers all material risks and rewards of ownership of the asset.

Equity

Proposed dividend
Dividend is recognised in debt at the time of adoption at the General Meeting. Proposed dividend that is expected paid for the financial year is disclosed as a separate equity item.

Treasury shares
Purchase and sales prices as well as dividend for treasury shares are recognised in equity.

Reserve for exchange adjustments
The reserve concerning exchange adjustments in the Consolidated Financial Statements comprises exchange differences after 1 October 2004 arisen on the translation of financial statements of foreign entities from their functional currencies to the Group's reporting currency (Danish kroner).

In case of realisation, in whole or in part, of the net investment, exchange rate adjustments are recognised in the income statement.

Provisions
Provisions are recognised when the Group has an obligation in consequence of events occurred in the financial year or in previous years; when it is probable that settlement of the obligation will result in consumption of financial resources, and when the obligation can be calculated reliably.

On measurement of provisions, the expenses necessary for settling the obligation are discounted if this has a material effect on the measurement of the obligation.

Warranty obligations in respect of concluded contracts are recognised in the balance sheet as the contracts are completed and are measured based on experience.

Corporation tax and deferred tax
According to the rules on joint taxation, as the management company, Per Aarsleff A/S takes over the liability for the settlement of the corporation taxes of the subsidiaries with the tax authorities as the subsidiaries effect payment of their joint taxation contributions.

Deferred tax is measured under the balance-sheet liability method of all temporary differences between the carrying amount and the tax base. However, deferred tax is not recognised in respect of temporary differences concerning non-tax depreciable goodwill and other items – apart from business acquisitions – where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and the tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Where the tax base can be determined according to alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the obligation, respectively.

Provision is made for deferred tax to cover the retaxation of tax losses in foreign companies that are estimated to materialize.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax.

Deferred tax assets and tax liabilities are presented offset within the same legal tax entity.

Financial liabilities

Mortgage debt and payables to credit institutions are recognised at the raising of the loan at the proceeds received less transaction expenses paid. In subsequent periods financial obligations are measured at amortised cost, corresponding to the capitalised value when using the effective interest rate, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities comprising debt to suppliers, group enterprises and associates as well as state grants and other debt are measured at amortised cost.

Deferred income

Deferred income, recognised in liabilities, include payments received concerning income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement of the Group is prepared according to the indirect method based on the profit/loss before tax for the year.

The cash flow statement shows the cash flows for the year broken down by operating, investing and financing activities and how these cash flows have affected the cash and cash equivalents of the Group.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year before tax adjusted for non-cash operating items, changes in working capital, payments concerning financial income and expenses and corporation tax.

Cash flows from investing activities

Cash flows from investing activities comprise purchase and sale of enterprises, purchase and sale of intangible assets, property, plant and equipment and other non-current assets, dividend paid from associates as well as purchase and sale of securities that are not recognised as cash and cash equivalents. Cost is measured including acquisition costs and selling prices less trade charges. Cash flows concerning acquired enterprises are recognised from the date of acquisition, and cash flows concerning sold enterprises are recognised until the time of sale.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size and composition of the Group's share capital, related expenses, raising of loans and repayment of interest-bearing debt as well as payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash as well as securities with a time to maturity less than three months at the time of acquisition, which can readily be converted into cash and cash equivalents and which only carry an insignificant risk of changes in value.

SEGMENT INFORMATION

Segment information is presented in respect of business segments and geographical segments as primary and secondary segment respectively. The segment information follows the risks, accounting policies and internal financial control of the Group.

The information includes the Parent Company's divisions, departments, subsidiaries and associates as well as participants in consortia. Segment assets comprise assets which are used directly in the operation of the segment.

Segment liabilities comprise provisions and non-interest-bearing liabilities derived from the segment operations.

FINANCIAL REVIEW

The Annual Report of 2005/2006 is the first annual report prepared according to IFRS (International Financial Reporting Standards). It has been decided to apply IFRS for the Financial Statements of the Parent Company as well as the Consolidated Financial Statements. As a consequence of this the accounting policies have been changed in certain areas; cf. the section Accounting policies in the Annual Report.

Income statement

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

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

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

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

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

Share of profit after tax in associates increased from DKK 2.3 million last year to DKK 13.2 million this year.

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

The profit before tax is DKK 110.2 million against DKK 59.8 million last year.

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

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

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

Balance sheet

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

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

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

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

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

Cash flow statement

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

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

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

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

INCOME STATEMENT

1/10-30/9

Note	(DKK '000)	GROUP 2005/2006	GROUP 2004/2005	PARENT COMPANY 2005/2006	PARENT COMPANY 2004/2005
4	**Revenue**	**3,781,589**	**3,416,024**	**2,272,550**	**2,068,346**
5.6	Production costs	(3,329,436)	(3,023,827)	(2,059,474)	(1,855,746)
	Gross profit	**452,153**	**392,197**	**213,076**	**212,600**
5-7	Administrative expenses and selling costs	(346,136)	(325,923)	(176,548)	(186,867)
8	Other operating income and expenses	7,950	516	416	376
	Profit on primary operations	**113,967**	**66,790**	**36,944**	**26,109**
13	Share of profit after tax in associates	13,153	2,344		
	Profit before interest	**127,120**	**69,134**	**36,944**	**26,109**
9	Financials, net	(16,914)	(9,379)	(5,131)	13,965
	Profit after tax	**110,206**	**59,755**	**31,813**	**40,074**
10	Tax on the profit for the year	(17,501)	(15,025)	1,146	(8,517)
	Profit for the year	**92,705**	**44,730**	**32,959**	**31,557**
	Proposal for profit sharing				
	Dividend to shareholders			10,872	5,436
	Transferred from the profit for the year			22,087	26,121
	In total			**32,959**	**31,557**
11	**Earnings per share (DKK)**				
	Earnings per share	44.8	21.8	15.9	15.4
	Diluted earnings per share	44.8	21.5	15.9	15.1

BALANCE SHEET

ASSETS

Note	(DKK '000)	GROUP 30/9 2006	GROUP 30/9 2005	PARENT COMPANY 30/9 2006	PARENT COMPANY 30/9 2005
	Goodwill	36,745	15,167	1,116	1,116
	Patents and other intangible assets	6,356	3,735	2,894	3,584
12	**Intangible assets**	**43,101**	**18,902**	**4,010**	**4,700**
	Land and buildings	306,786	281,011	171,202	166,472
	Plant and machinery	510,177	420,197	303,023	268,156
	Other plant, fixtures and operating equipment	35,358	31,818	8,450	10,867
	Property, plant and equipment in progress	22,058	17,615	18,407	15,139
12	**Property, plant and equipment**	**874,379**	**750,641**	**501,082**	**460,634**
13	Investments in subsidiaries			230,432	209,378
13	Investments in associates	83,467	68,021	48,395	45,395
	Accounts receivable from subsidiaries			6,913	9,330
	Accounts receivable from associates	1,499	7	1,499	7
	Other financial assets	859	1,678	337	1,071
10	Deferred tax	3,508	2,469	0	0
	Other long-term assets	**89,333**	**72,175**	**287,576**	**265,181**
	Long-term assets	**1,006,813**	**841,718**	**792,668**	**730,515**
14	**Inventories**	**106,642**	**94,184**	**34,616**	**40,564**
	Contracting debtors	862,906	725,494	432,932	369,714
15	Work in progress	236,664	145,129	164,633	87,638
	Accounts receivable from subsidiaries			104,541	58,370
	Accounts receivable from associates	7,832	14,008	7,832	14,008
	Other accounts receivable	30,564	23,904	27,039	15,808
	Corporation tax receivable	7,326	3,388	1,353	0
	Prepayments	11,039	18,160	1,333	8,532
16	**Receivables**	**1,156,331**	**930,083**	**739,663**	**554,070**
	Cash	**170,239**	**126,936**	**153,157**	**93,126**
	Short-term assets	**1,433,212**	**1,151,203**	**927,436**	**687,760**
	Total assets	**2,440,025**	**1,992,921**	**1,720,104**	**1,418,275**

LIABILITIES AND EQUITY

Note	(DKK '000)	GROUP 30/9 2006	GROUP 30/9 2005	PARENT COMPANY 30/9 2006	PARENT COMPANY 30/9 2005
	Share capital	45,300	45,300	45,300	45,300
	Reserve for foreign currency translation adjustments	4,432	5,859		
	Hedging reserve	7	(452)	7	(452)
	Deferred income	851,529	769,256	581,503	558,946
	Proposed dividend	10,872	5,436	10,872	5,436
17	**Equity**	**912,140**	**825,399**	**637,682**	**609,230**
18	Mortgage debt	147,119	66,381	109,320	51,444
18	Credit institutions	27,080	26,118	26,102	26,118
	Provisions	40,931	28,355	36,024	24,680
	Other debt	1,924	0	0	0
	Corporation tax payable	0	672	0	0
10	Deferred tax	98,152	93,092	50,490	54,141
	Non-current liabilities	**315,206**	**214,618**	**221,936**	**156,383**
18	Mortgage debt	1,464	1,284	0	321
18	Credit institutions	386,644	257,458	281,215	162,563
15	Work in progress	175,597	163,891	154,080	119,987
19	Provisions	8,921	4,433	8,921	4,433
	Trade payables	408,689	313,929	226,581	204,513
	Amounts owed to subsidiaries			78,725	43,795
	Amounts owed to associates	123	1,367	123	1,367
	Corporation tax payable	11,820	7,537	0	3,011
20	Other debt	219,421	203,005	110,841	112,672
	Current liabilities	**1,212,679**	**952,904**	**860,486**	**652,662**
	Total liabilities	1,527,885	1,167,522	1,082,422	809,045
	Total liabilities and equity	**2,440,025**	**1,992,921**	**1,720,104**	**1,418,275**

Notes without reference:

1 Accounting estimates and assessments
2 New accounting regulation
3 Segment information
21 Currency, interest rate, credit risk and use of financial instruments
22 Contingent liabilities and other financial obligations
23 Related party transactions

CASH FLOW STATEMENT

1/10-30/9

Note	(DKK '000)	GROUP 2005/2006	GROUP 2004/2005	PARENT COMPANY 2005/2006	PARENT COMPANY 2004/2005
	Cash flow from operating activities				
	Profit before interest	127,120	69,134	36,944	26,109
	Depreciation and write-downs	134,811	126,494	78,076	79,330
24	Other adjustments	(10,135)	(15,605)	11,874	(9,061)
25	Change in working capital	(100,413)	(1,435)	(90,257)	6,073
	Cash flow from operating activities before financials and tax	**151,383**	**178,588**	**36,637**	**102,451**
	Interest received	2,850	5,162	2,321	3,812
	Interest paid	(19,764)	(14,541)	(13,744)	(9,206)
	Cash flow from ordinary activities	**134,469**	**169,209**	**25,214**	**97,057**
	Paid corporation tax	(16,779)	(14,446)	(6,514)	(390)
	Cash flow from operating activities	**117,690**	**154,763**	**18,700**	**96,667**
	Cash flow from investing activities				
27	Investments in subsidiaries	(53,928)	0	(21,050)	(8,224)
	Investments in property, plant and equipment	(248,325)	(201,837)	(119,943)	(136,155)
	Investments in intangible assets	(392)	(4,226)	0	(3,060)
	Investments in other non-current assets	(3,680)	0	(3,000)	0
	Sale of property, plant and equipment	24,857	21,957	6,067	12,149
	Sale of other financial assets	800	50,217	733	49,430
	Sale of other non-current assets	0	4,015	0	2,262
	Loan repayment subsidiaries			2,178	4,735
	Loans to associates	(1,564)	(69)	(1,492)	(69)
	Dividends from subsidiaries and associates	0	1,815	6,292	19,360
	Cash flow from investing activities	**(282,232)**	**(128,128)**	**(130,215)**	**(59,572)**
	Cash flow from financing activities				
	Raising of long-term debt	84,909	3,990	57,860	0
	Repayment and reduction of long-term debt	(1,284)	(46,406)	0	(26,128)
	Dividend paid	(4,966)	(4,892)	(4,966)	(4,892)
	Sale of treasury shares	0	14,061	0	14,061
	Exercise of share option agreements	0	(8,523)	0	(8,523)
	Cash flow from financing activities	**78,659**	**(41,770)**	**52,894**	**(25,482)**
	Change in liquidity for the year	**(85,883)**	**(15,135)**	**(58,621)**	**11,613**
	Opening liquidity	(130,522)	(115,387)	(69,437)	(81,050)
	Change in liquidity for the year	(85,883)	(15,135)	(58,621)	11,613
26	**Closing liquidity**	**(216,405)**	**(130,522)**	**(128,058)**	**(69,437)**

STATEMENT OF CHANGES IN EQUITY

GROUP

(DKK '000)	Share capital	Reserve for foreign currency translation adjustment	Hedging reserve	Deferred income	Proposed dividend	In total
Equity at 1 October 2004	45,300	0	0	721,968	4,892	772,160
Change in accounting policies	0	0	(1,482)	(851)	0	(2,333)
Adjusted equity at 1 October 2004	45,300	0	(1,482)	721,117	4,892	769,827
Change in equity 2004/2005						
Foreign currency translation adjustment of foreign companies		5,859		1,268		7,127
Translation adjustment concerning derivative financial instruments			1,030			1,030
Tax on change in equity				2,040		2,040
Net gain/loss recognised directly in equity	0	5,859	1,030	3,308	0	10,197
Profit for the year				39,294	5,436	44,730
Total comprehensive income	**0**	**5,859**	**1,030**	**42,602**	**5,436**	**54,927**
Dividend paid					(5,436)	(5,436)
Dividend, treasury shares					544	544
Sale of treasury shares at issue of employee shares				14,060		14,060
Exercise of share options				(8,523)		(8,523)
Total change in equity in 2004/2005	**0**	**5,859**	**1,030**	**48,139**	**544**	**55,572**
Equity at 30 September 2005	**45,300**	**5,859**	**(452)**	**769,256**	**5,436**	**825,399**
Change in equity 2005/2006						
Foreign currency translation adjustment of foreign companies		(1,427)		(30)		(1,457)
Translation adjustment concerning derivative financial instruments			459			459
Net gain/loss recognised directly in equity	0	(1,427)	459	30	0	(998)
Profit for the year				81,833	10,872	92,705
Total comprehensive income	**0**	**(1,427)**	**459**	**81,803**	**10,872**	**91,707**
Dividend paid					(5,436)	(5,436)
Dividend, treasury shares				470		470
Total change in equity in 2005/2006	**0**	**(1,427)**	**459**	**82,273**	**5,436**	**86,741**
Equity at 30 September 2006	**45,300**	**4,432**	**7**	**851,529**	**10,872**	**912,140**

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

(DKK '000)	Share capital	Net revaluation according to the equity method	Hedging reserve	Deferred income	Proposed dividend	In total
Equity at 1 October 2004	45,300	171,288	0	550,680	4,892	772,160
Change in accounting policies	0	(171,288)	(1,482)	(25,432)	0	(198,202)
Adjusted equity at 1 October 2004	45,300	0	(1,482)	525,248	4,892	573,958
Change in equity 2004/2005						
Translation adjustment concerning derivative financial instruments			1,030			1,030
Tax on change in equity				2,040		2,040
Net gain/loss recognised directly in equity	0	0	1,030	2,040	0	3,070
Profit for the year				26,121	5,436	31,557
Total comprehensive income	**0**	**0**	**1,030**	**28,161**	**5,436**	**34,627**
Dividend paid					(5,436)	(5,436)
Dividend, treasury shares					544	544
Sale of treasury shares at issue of employee shares				14,060		14,060
Exercise of share options				(8,523)		(8,523)
Total change in equity in 2004/2005	**0**	**0**	**1,030**	**33,698**	**544**	**35,272**
Equity at 30 September 2005	**45,300**	**0**	**(452)**	**558,946**	**5,436**	**609,230**
Change in equity 2005/2006						
Translation adjustment concerning derivative financial instruments			459			459
Tax on change in equity						
Net gain/loss recognised directly in equity	0	0	459	0	0	459
Profit for the year				22,087	10,872	32,959
Total comprehensive income	**0**	**0**	**459**	**22,087**	**10,872**	**33,418**
Dividend paid					(5,436)	(5,436)
Dividend, treasury shares				470		470
Total change in equity in 2005/2006	**0**	**0**	**459**	**22,557**	**5,436**	**28,452**
Equity at 30 September 2006	**45,300**	**0**	**7**	**581,503**	**10,872**	**637,682**

OVERVIEW OF NOTES

NOTES TO THE ANNUAL REPORT

Note

1 **Accounting estimates and assessments**

At the determination of the carrying amount of certain assets and liabilities an estimate is required of the impact of future events on the carrying amount of these assets and liabilities at the balance sheet date. Estimates material to the financial reporting are made by stating depreciation and write-downs, selling price of construction contracts, provisions as well as contingent liabilities and assets.

The applied estimates are based on assumptions found justifiable by the Management but which are inherently uncertain and unpredictable. The conditions may be incomplete or inaccurate, and unexpected events or circumstances may occur. Furthermore, the Company is subject to risks and uncertainties which may lead to the actual results deviating from these estimates. Particular risks for the Aarsleff Group are mentioned in the Management's review under Risk assessment on page 31.

As part of the Group's accounting policies the Management makes assessments, in addition to estimates, which may influence materially the amounts recognised in the Financial Statements. Such assessments comprise when to treat income and expenses according to contracts with third parties and in accordance with the production method.

As of 1 October 2005 the estimated useful life of buildings, plant and machinery has been changed. The change affects the profit for the year by a positive DKK 7.9 million before tax.

The Management has assessed that in connection with the financial reporting for the year 2005/2006 with comparative figures for 2004/2005 no assessments have been made concerning the accounting policies apart from the above-mentioned accounting estimates, which have influenced the financial reporting considerably.

Note

2 **New accounting regulation**

IASB and the EU have adopted the following accounting standards and interpretations, which are not obligatory on Per Aarsleff A/S at the preparation of the Annual Report for 2005/2006.

IAS 1 "Presentation of financial statements"
Changes to IAS 1 causing the company to have to disclose information in the financial statements, which gives the reader of the financial statements the possibility of estimating the goals, policies and processes of the company in relation to capital management. The Company did not apply this change, which becomes effective for financial years starting 1 January 2007 or after. The change solely implies that the Company has to supply further information and as such does not influence the recognition and measurement.

IAS 19 "Employee benefits"
Change to IAS 19 concerning the treatment of actuarial losses and gains as well as other conditions relating to defined benefit plans. The change allows for actuarial losses and gains being recognised directly in equity under the given conditions. At present the Company has no defined benefit plans and therefore the change is not expected to influence the financial reporting.

IAS 21 "Foreign currency translation"
Change to IAS 21 causing foreign exchange gains and losses on monetary items, which constitute part of the net investment in a foreign unit and which are determined in another currency than the functional currency of one of the parties to the arrangement, to be recognised directly in equity. The Company has no loans in another currency than the functional currency of one of the parties to the arrangement. Therefore, the change, which is to be applied to financial years starting 1 January 2006 or after, is not expected to influence the Company.

Note

2 **New accounting regulation (contd.)**

IAS 39 "Financial instruments: Recognition and measurement" and IFRS 4 "Insurance contracts"
Change to IAS 39 and IFRS 4 causing financial guarantees basically to be treated according to the provisions of IAS 39 instead of IFRS 4. The Company did not issue any financial guarantees. Therefore, the change, which is to be applied to financial years starting 1 January 2006 or after, is not expected to influence the Company.

Change to IAS 39 which will result in limitations to the possible recognition of financial instruments at fair value in the income statement. It is company policy not to recognise changes in fair value in the income statement voluntarily. Therefore, the change, which is to be applied to financial years starting 1 January 2006 or after, is not expected to influence the Company.

IFRS 6 "Exploration for and evaluation of mineral resources"
IFRS 6, concerns extractive activities. The Company does not carry out extractive activities and therefore, the standard which becomes effective from 1 January 2006 is irrelevant.

IFRS 7 "Financial instruments: Disclosure"
IFRS 7, which specifies the information that has to be disclosed in relation to financial instruments, replaces all of IAS 30 and disclosure requirements of IAS 32 and IFRS 4. The new standard is to be applied to financial years starting 1 January 2007 or after. It has not been decided whether the Company will change to IFRS 7 for the financial year 2006/2007 or 2007/2008. The transition will not affect the recognition and measurement as this standard solely concerns disclosure requirements.

IFRIC 4 "Determining whether an arrangement contains a lease"
IFRIC 4 concerns the assessment whether an agreement contains a lease. The Company does not have such agreements. Therefore, the interpretation which becomes effective for financial years starting 1 January 2006 or after does not influence the Company.

IFRIC 5 "Rights to interest arising from decommissioning, restoration and environmental rehabilitation funds"
IFRIC 5 concerns shares in restoration schemes. The Company is not a member of such schemes. Therefore, the interpretation which becomes effective for financial years starting 1 January 2006 or after does not influence the Company.

IFRIC 6 "Liabilities arising from participating in a specific market - waste electronic and electronic equipment"
IFRIC 6 concerns liabilities resulting from the sale/production of electronic equipment. The Company does not produce/sell electronic equipment and therefore the interpretation which becomes effective for financial years starting 1 December 2005 or after is irrelevant.

IFRIC 7 "Applying the restatement approach under IAS 29"
IFRIC 7 concerns hyperinflation. The Company is not active in economies characterised by hyperinflation and therefore the interpretation which becomes effective for financial years starting 1 March 2006 or after does not influence the Company.

IFRIC 8 "Scope of IFRS 2"
IFRIC 8 concerns the scope of IFRS 2. The interpretation indicates that IFRS 2 also applies to transactions in which the company receives non-identifiable services or goods. The Company does not enter into transactions comprised by IFRS 2 in which non-identifiable services or goods are received. The interpretation becomes effective for financial years starting 1 March 2006 or after and therefore does not influence the Company.

Furthermore, IASB has issued the following new interpretation still not adopted by the EU:
IFRIC 10 "Interim financial reporting and impairment"

None of these new accounting standards and interpretations are expected to influence the recognition and measurement criteria of Per Aarsleff A/S in 2006/2007 or after.

Note (million)

3 **Segment information**

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

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

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

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

Activities	**Construction**		**Pipe Technologies**		**Piling**		**Group in total**	
Primary segment	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
Segment revenue	2,342	2,208	757	731	743	612	3,842	3,551
Internal revenue	(33)	(98)	(2)	(2)	(25)	(35)	(60)	(135)
Revenue	2,309	2,110	755	729	718	577	3,782	3,416
Of this figure, work performed abroad	469	448	428	428	517	420	1,414	1,296
Profit on primary operations	20	8	37	28	57	31	114	67
Profit on associates			13	2			13	2
Profit before interest	20	8	50	30	57	31	127	69
Financials, net							(17)	(9)
Profit before tax							110	60
Segment assets	1,168	934	531	490	562	405	2,261	1,829
Capital expenditure	121	104	59	36	88	40	268	180
Depreciation	68	60	25	30	43	36	136	126
Investments in associates			83	68			83	68
Goodwill	20	4	10	4	7	7	37	15
Equity at year-end	293	279	309	267	310	279	912	825
Segment liabilities	609	494	141	138	106	67	856	699
Number of employees:								
Paid every two weeks	1,261	1,202	236	212	310	213	1,807	1,627
Engineers, technicians and administrative staff	448	409	210	200	205	137	863	746
In total	1,709	1,611	446	412	515	350	2,670	2,373

Geographical	**Denmark**		**Abroad**		**Group in total**	
Secondary segment	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
Revenue	2,368	2,120	1,414	1,296	3,782	3,416
Segment assets	1,502	1,336	759	493	2,261	1,829
Capital expenditure	161	106	107	74	268	180

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

Note	(DKK '000)	GROUP 2005/2006	GROUP 2004/2005	PARENT COMPANY 2005/2006	PARENT COMPANY 2004/2005
4	**Revenue**				
	Sale of goods	85,243	51,793	0	0
	Income from construction contracts	3,696,346	3,364,231	2,272,550	2,068,346
	In total	**3,781,589**	**3,416,024**	**2,272,550**	**2,068,346**
5	**Depreciation, amortisation and impairment loss**				
	Amortisation, intangible assets	3,262	197	469	195
	Depreciation, property, plant and equipment	132,275	124,929	77,608	79,135
	Depreciation, other long-term assets	104	1,370	0	0
	In total	**135,641**	**126,496**	**78,077**	**79,330**
	Depreciation and amortisation are included in the income statement as follows:				
	Production costs	119,453	112,761	70,642	71,399
	Administrative expenses	16,024	13,572	7,271	7,768
	Other operating income and expenses	164	163	164	163
	In total	**135,641**	**126,496**	**78,077**	**79,330**
6	**Staff costs**				
	Wages, salaries and remuneration	946,412	857,858	485,739	449,811
	Pensions	61,828	42,796	25,344	21,194
	Share-based payment	1,441	26,610	1,441	26,610
	Other costs, social security costs etc.	38,095	37,662	13,394	11,280
	In total	**1,047,776**	**964,926**	**525,918**	**508,895**
	Of this figure, consideration for:				
	Directors' remuneration	1,300	1,300	1,300	1,300
	Remuneration for the executive board	4,321	4,155	4,321	4,155
	Share-based compensation for the executive board	165	1,650	165	1,650
	In total	**5,786**	**7,105**	**5,786**	**7,105**
	Average number of full-time employees	2,670	2,373	1,209	1,129

NOTES TO THE ANNUAL REPORT

Note

6 **Staff costs (contd.)**

The Management and executive employees of the Company have exercised the remaining share options in the financial year. The options have had a three-year life, and the exercise price was determined on the basis of the market price at the grant date.

No other incentive programmes have been established for the Management and executive employees of the Company.

Share options	Management, number	Executive employees, number	Number in total	Excercise price/ average excercise price per option, DKK	Fair value in total [1], DKK million
Outstanding at 1 October 2004	15,000	107,500	122,500	171	10.7
Exercised in 2004/2005	(7,500)	(55,000)	(62,500)	306	8.5
Outstanding at 30 September 2005	**7,500**	**52,500**	**60,000**	**172**	**17.4**
Exercised in 2005/2006	(7,500)	(52,500)	(60,000)	470	17.8
Outstanding at 30 September 2006	**0**	**0**	**0**		**0**

[1] The fair value has been calculated according to the Black Scholes model for measurement of options. The following assumptions have been applied at the calculation performed at 30 September 2005: A dividend per share at DKK 2.15, a volatility of 23%, a risk-free interest rate at 2.57% and expected times to maturity for options at 0.8 years.

Calculated at the market price of DKK 458 on 30 September 2005 the value of the outstanding options is DKK 17.2 million.

Note	(DKK '000)	GROUP 2005/2006	GROUP 2004/2005	PARENT COMPANY 2005/2006	PARENT COMPANY 2004/2005
7	**Remuneration for the auditors appointed by the General Meeting**				
	PricewaterhouseCoopers	2,896	2,367	1,942	1,347
	Other auditors	644	843	10	133
	In total	**3,540**	**3,210**	**1,952**	**1,480**
	Of this figure, other services than audit:				
	PricewaterhouseCoopers	1,419	863	1,143	572
	Other auditors	153	118	10	0
	In total	**1,572**	**981**	**1,153**	**572**
8	**Other operating income and expenses**				
	Other operating income	8,161	753	627	613
	Other operating expenses	(211)	(237)	(211)	(237)
	In total	**7,950**	**516**	**416**	**376**
	Profit from the sale of land	7,420	0	0	0
9	**Financials, net**				
	Capital gains on securities	4	471	4	471
	Bond yields	21	1,023	0	987
	Interest regarding subsidiaries			1,711	1,231
	Interest regarding associates	369	613	369	613
	Other interest income	2,456	3,055	237	509
	Dividend from subsidiaries			6,292	17,545
	Dividend from associates			0	1,815
	Finance income	**2,850**	**5,162**	**8,613**	**23,171**
	Capital loss on securities	56	30	52	0
	Mortgage interest	4,284	3,182	2,890	1,583
	Interest regarding subsidiaries			347	443
	Other interest costs	15,424	11,329	10,455	7,180
	Finance costs	**19,764**	**14,541**	**13,744**	**9,206**
	In total	**(16,914)**	**(9,379)**	**(5,131)**	**13,965**

NOTES TO THE ANNUAL REPORT

Note	(DKK '000)	GROUP 2005/2006	GROUP 2004/2005	PARENT COMPANY 2005/2006	PARENT COMPANY 2004/2005
10	**Corporation tax**				
	Tax on the profit for the year can be split as follows:				
	Tax on the profit for the year	17,501	15,025	(1,146)	8,517
	Tax on changes in equity	0	2,040	0	2,040
	In total	**17,501**	**17,065**	**(1,146)**	**10,557**
	Tax on the profit for the year results from:				
	Current tax	16,678	23,022	520	4,038
	Adjustment of deferred tax as a consequence of a change in the Danish corporation tax rate from 30% to 28%	0	(5,794)	0	(3,573)
	Adjustment of deferred tax and deferred tax asset for the year	823	(2,203)	(1,666)	8,052
	In total	**17,501**	**15,025**	**(1,146)**	**8,517**
	Tax on the profit for the year can be explained as follows:				
	28% tax calculated on the profit before tax	30,858	16,731	8,908	11,221
	Tax impact of:				
	Income from abroad	(5,033)	487	(5,033)	487
	Deviation concerning subsidiaries	(1,305)	5,488	(1,762)	(803)
	Deviation concerning associates	(3,683)	(656)	0	0
	Other items	(3,221)	(1,017)	(3,144)	1,399
	Adjustment of deferred tax as a consequence of a change in the Danish corporation tax rate from 30% to 28%	0	(5,794)	0	(3,573)
	Adjustment of tax regarding prior years	(115)	(214)	(115)	(214)
	In total	**17,501**	**15,025**	**(1,146)**	**8,517**
	Deferred tax				
	At the beginning of the year	90,623	97,077	54,141	60,110
	Transferred from current tax	3,198	1,543	(1,985)	(10,448)
	Deferred tax for the year recognised in the profit for the year	823	(2,203)	(1,666)	8,052
	Adjustment of deferred tax as a consequence of a change in the Danish corporation tax rate from 30% to 28%	0	(5,794)	0	(3,573)
	In total at 30 September	**94,644**	**90,623**	**50,490**	**54,141**
	The following is recognised in the balance sheet:				
	Deferred tax (asset)	(3,508)	(2,469)	0	0
	Deferred tax (liability)	98,152	93,092	50,490	54,141
	In total	**94,644**	**90,623**	**50,490**	**54,141**
	Deferred tax concerns:				
	Intangible assets	5,212	2,761	1,231	919
	Property, plant and equipment	33,938	33,093	18,458	15,257
	Work in progress	120,377	94,168	93,900	72,771
	Other short-term assets	15	280	(402)	278
	Provisions	1,004	(942)	(162)	(162)
	Other debt	0	(4,601)	0	(3,932)
	Tax loss allowed for carryforward	(66,043)	(34,136)	(62,535)	(30,990)
	Deferred tax at 30 September	**94,644**	**90,623**	**50,490**	**54,141**

Note		GROUP 2005/2006	GROUP 2004/2005	PARENT COMPANY 2005/2006	PARENT COMPANY 2004/2005
11	**Earnings per share**				
	Profit for the year (DKK '000)	92,705	44,730	32,959	31,557
	Average number of shares ('000)	2,265	2,265	2,265	2,265
	Average number of treasury shares ('000)	196	211	196	211
	Average number of shares in circulation ('000)	**2,069**	**2,054**	**2,069**	**2,054**
	Average dilution effect of outstanding share options ('000)	0	31	0	31
	Average number of diluted shares in circulation ('000)	**2,069**	**2,085**	**2,069**	**2,085**
	Earnings per share of DKK 20 (current)	44.8	21.8	15.9	15.4
	Earnings per share of DKK 20 (diluted)	44.8	21.5	15.9	15.1
	Proposed dividend per share (DKK)			4.8	2.4

NOTES TO THE ANNUAL REPORT

Note (DKK '000)

12 **Intangible assets and property, plant and equipment**

Parent Company at 30 September 2006	Goodwill	Patents and other intangible assets	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipment	Property, plant and equipment in progress
Cost at 1 October 2005	7,754	4,941	215,456	655,975	33,120	15,139
Additions during the year	0	0	12,575	73,458	2,506	48,733
Disposals during the year	0	(221)	(1,406)	(22,325)	(701)	(16,324)
Transfers	0	0	0	29,141	0	(29,141)
Cost at 30 September 2006	**7,754**	**4,720**	**226,625**	**736,249**	**34,925**	**18,407**
Depreciation at 1 October 2005	6,638	1,357	48,984	387,819	22,253	
Depreciation for the year	0	469	7,414	65,299	4,893	
Assets sold during the year	0	0	(975)	(19,892)	(671)	
Depreciation at 30 September 2006	**6,638**	**1,826**	**55,423**	**433,226**	**26,475**	
Carrying amount at 30 September 2006	**1,116**	**2,894**	**171,202**	**303,023**	**8,450**	**18,407**
Carrying amount of mortgaged assets at 30 September 2006	**0**	**0**	**163,276**	**0**	**0**	**0**

Group at 30 September 2006	Goodwill	Patents and other intangible assets	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipment	Property, plant and equipment in progress
Cost at 1 October 2005	50,366	7,728	352,321	1,009,064	90,394	17,615
Foreign currency translation adjustments	38	(2)	120	(372)	(50)	(35)
Additions from purchase of subsidiaries	21,549	5,492	11,434	5,490	845	2
Additions during the year	0	663	32,731	178,692	14,512	52,395
Disposals during the year	0	(1,684)	(6,015)	(54,827)	(5,447)	(18,778)
Transfers	0	0	0	26,870	2,271	(29,141)
Cost at 30 September 2006	**71,953**	**12,197**	**390,591**	**1,164,917**	**102,525**	**22,058**
Depreciation at 1 October 2005	35,198	3,993	71,310	588,867	58,576	
Foreign currency translation adjustments	10	(1)	10	(126)	(18)	
Depreciation for the year	0	3,262	12,819	106,079	13,481	
Assets sold during the year	0	(1,413)	(334)	(40,080)	(4,872)	
Depreciation at 30 September 2006	**35,208**	**5,841**	**83,805**	**654,740**	**67,167**	
Carrying amount at 30 September 2006	**36,745**	**6,356**	**306,786**	**510,177**	**35,358**	**22,058**
Carrying amount of mortgaged assets at 30 September 2006	**0**	**0**	**219,995**	**0**	**0**	**0**

Note (DKK '000)

12 **Intangible assets and property, plant and equipment (contd.)**

Parent Company at 30 September 2005	Goodwill	Patents and other intangible assets	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipment	Property, plant and equipment in progress
Cost at 1 October 2004	7,754	1,881	210,738	572,938	28,551	15,480
Additions during the year	0	3,281	7,233	95,263	3,940	37,873
Disposals during the year	0	(221)	(2,515)	(44,659)	(1,242)	(3,911)
Transfers	0	0	0	32,433	1,871	(34,303)
Cost at 30 September 2005	**7,754**	**4,941**	**215,456**	**655,975**	**33,120**	**15,139**
Depreciation at 1 October 2004	6,638	1,162	43,157	357,057	18,744	
Depreciation for the year	0	195	5,827	68,589	4,719	
Assets sold during the year	0	0	0	(37,827)	(1,210)	
Depreciation at 30 September 2005	**6,638**	**1,357**	**48,984**	**387,819**	**22,253**	
Carrying amount at 30 September 2005	**1,116**	**3,584**	**166,472**	**268,156**	**10,867**	**15,139**
Carrying amount of mortgaged assets at 30 September 2005	**0**	**0**	**161,367**	**0**	**0**	**0**

Group at 30 September 2005	Goodwill	Patents and other intangible assets	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipment	Property, plant and equipment in progress
Cost at 1 October 2004	52,764	3,493	332,404	901,219	81,389	16,679
Foreign currency translation adjustments	(143)	10	706	4,842	486	0
Additions during the year	0	3,354	23,349	133,305	14,190	40,684
Disposals during the year	(2,255)	(221)	(4,138)	(62,734)	(7,542)	(4,353)
Transfers	0	1,092	0	32,432	1,871	(35,395)
Cost at 30 September 2005	**50,366**	**7,728**	**352,321**	**1,009,064**	**90,394**	**17,615**
Depreciation at 1 October 2004	37,575	2,698	62,345	535,417	53,230	
Foreign currency translation adjustments	(121)	6	101	1,618	262	
Depreciation for the year	0	1,289	8,925	104,725	11,557	
Assets sold during the year	(2,255)	0	(61)	(52,893)	(6,473)	
Depreciation at 30 September 2005	**35,199**	**3,993**	**71,310**	**588,867**	**58,576**	
Carrying amount at 30 September 2005	**15,167**	**3,735**	**281,011**	**420,197**	**31,818**	**17,615**
Carrying amount of mortgaged assets at 30 September 2005	**0**	**0**	**214,191**	**0**	**0**	**0**

In 2005/2006 damages received concerning property, plant and equipment to the total amount of DKK 620,000 against DKK 1,3 million in 2004/2005 have been recognised as income. The Parent Company has not received any damages concerning property, plant and equipment in 2005/2006 and 2004/2005.

The Group has committed itself to invest in property, plant and equipment as well as intangible assets; cf. Contingent liabilities and other financial obligations in note 22.

Goodwill
As per 30 September 2006 an impairment test of goodwill has been carried out, allocated to the cash-generating units Per Aarsleff A/S, Wicotec A/S, Aarsleff Rörteknik AB and Centrum Pæle A/S. Information on allocation of goodwill to segments can be found in note 3 Segment information. The recoverable amount is based on the value in use, which has been determined by application of expected net cash flows on the basis of budgets for the years 2006–2011 as approved by the Management and a discount rate before tax at 10%. The present value of expected future net cash flows is sufficient to be equal to the accounting value of goodwill at 30 September 2006. The impairment test did not cause any write-down to recoverable amount of goodwill.

NOTES TO THE ANNUAL REPORT

Note	(DKK '000)	**30/9 2006** Investments in subsidiaries	**30/9 2005** Investments in subsidiaries
13	**Investments in subsidiaries and associates**		
	Parent Company		
	Cost at 1 October	209,378	193,793
	Additions for the year	21,054	16,103
	Disposals for the year	0	(518)
	Cost at 30 September	**230,432**	**209,378**
	Carrying amount at 30 September	**230,432**	**209,378**

Highlights for considerable associates and joint ventures.
The Group has considerable investments in associates in the Pipe Technologies segment:

Name	Revenue	Profit for the year	Assets in total	Liabilities in total
30 September 2006				
Pipe Technologies	286,345	13,153	143,942	52,970
30 September 2005				
Pipe Technologies	281,439	2,344	127,849	50,430

The considerable associates are Insituform Rohrsanierungstechniken GmbH (ownership interest 50%), PAA International Engineering Corp. (ownership interest 50%) and Insituform Linings Plc. (ownership interest 25%). All companies are unlisted.

Note	(DKK '000)	GROUP 30/9 2006	GROUP 30/9 2005	PARENT COMPANY 30/9 2006	PARENT COMPANY 30/9 2005
14	**Inventories**				
	Raw materials and consumables	71,632	63,294	34,616	40,564
	Finished goods	35,010	30,890	0	0
	In total	**106,642**	**94,184**	**34,616**	**40,564**
15	**Work in progress**				
	Selling price of construction contracts	2,837,468	2,495,441	2,078,578	1,783,848
	Invoicing on account	(2,776,401)	(2,514,203)	(2,068,025)	(1,816,197)
	In total	**61,067**	**(18,762)**	**10,553**	**(32,349)**
	The following is recognised:				
	Receivables	236,664	145,129	164,633	87,638
	Current liabilities	(175,597)	(163,891)	(154,080)	(119,987)
	In total	**61,067**	**(18,762)**	**10,553**	**(32,349)**
16	**Receivables**				
	Receivables falling due over a year after the balance sheet date.	1,718	2,546	0	0
	Write-downs included in receivables which are recognised in the income statement	5,579	1,730	793	144

Note

17 **Equity**

Share capital

The share capital consists of 135,000 A shares at a price of DKK 20 and 2,130,000 B shares at a price of DKK 20. The nominal value is respectively DKK 2.7 million and DKK 42.6 million. The share capital is unchanged compared to 2004/2005.

The A shares carry ten times the voting right of the B shares. The A shares are non-negotiable instruments.

See section on Information to shareholders.

Treasury shares (B shares)

	Number		Nominal value DKK ('000)		% of share capital	
	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
Holding at 1 October	195,808	226,500	3,916	4,530	8.64	10.00
Additions	0	0	0	0	0.00	0.00
Disposals	0	(30,692)	0	(614)	0.00	(1.36)
Holding at 30 September	**195,808**	**195,808**	**3,916**	**3,916**	**8.64**	**8.64**

The purchase of treasury shares has been made to increase the financial flexibility in connection with future acquisitions. In 2004/2005 30,692 B shares, nominal value DKK 0.6 million, were sold to employees at a price of DKK 21.

NOTES TO THE ANNUAL REPORT

Note	(DKK '000)	GROUP 30/9 2006	GROUP 30/9 2005	PARENT COMPANY 30/9 2006	PARENT COMPANY 30/9 2005
18	**Mortgage debt and credit institutions**	**562,307**	**351,241**	**416,637**	**240,446**
	The following is recognised:				
	Non-current liabilities	174,199	92,499	135,422	77,562
	Current liabilities	388,108	258,742	281,215	162,884
	In total	**562,307**	**351,241**	**416,637**	**240,446**
	Fair value	561,777	350,711	416,107	241,502
	Nominal value	562,307	351,241	416,637	240,446
	Long-term loans fall due as follows:				
	1-2 years	2,476	509	0	0
	2-5 years	29,581	32,546	26,102	26,118
	After 5 years	142,142	59,444	109,320	51,444
	In total	174,199	92,499	135,422	77,562
19	**Provisions**				
	Balance at 1 October	32,788	18,734	29,113	16,284
	Used over the year	(1,858)	(1,114)	(1,858)	(1,114)
	Reversal of unused warranty commitments	(2,360)	(3,533)	(2,360)	(3,533)
	Provisions for the year	21,282	18,701	20,050	17,476
	In total at 30 September	**49,852**	**32,788**	**44,945**	**29,113**
	The following is recognised:				
	Non-current liabilities	40,931	28,355	36,024	24,680
	Current liabilities	8,921	4,433	8,921	4,433
	In total	**49,852**	**32,788**	**44,945**	**29,113**

The provision comprises warranty obligations as well as litigation and arbitration proceedings. The information which according to IAS 37 normally should have been disclosed in the Annual Report has not been included, as the Management finds that such information would be harmful to the Company.

Note	(DKK '000)	GROUP 30/9 2006	GROUP 30/9 2005	PARENT COMPANY 30/9 2006	PARENT COMPANY 30/9 2005
20	**Other debt**				
	Share-based payment	0	16,433	0	16,433
	Other	219,421	186,572	110,841	96,239
	In total	**219,421**	**203,005**	**110,841**	**112,672**

Note

21 **Currency, interest rate, credit risk and use of financial instruments**

Interest rate risk

A The Parent Company interest rate risk is tied to the following items. The earliest date of maturity is stated:

		Effective interest rate		Accounting value			Fair value
		30/9 2006	30/9 2005	30/9 2006	30/9 2005	30/9 2006	30/9 2005
	Fixed/floating	%	%	DKK '000	DKK '000	DKK '000	DKK '000
Cash	Floating	1-4	1-3	153,157	93,126	153,157	93,126
Securities	Fixed			0	9	0	9
Interest-bearing assets in total				**153,157**	**93,135**	**153,157**	**93,135**
Mortgage debt and credit institutions	Fixed/floating	3-6	3-6	416,637	240,446	416,107	241,502
Interest-bearing liabilities in total				**416,637**	**240,446**	**416,107**	**241,502**
The payment/maturity profile can be specified as follows:							
Less than 1 year				434,372	256,019		
1-5 years				26,102	26,118		
More than 5 years				109,320	51,444		
				569,794	333,581		

B The Group interest rate risk is tied to the following items. The earliest date of maturity is stated:

		Effective interest rate		Accounting value			Fair value
		30/9 2006	30/9 2005	30/9 2006	30/9 2005	30/9 2006	30/9 2005
	Fixed/floating	%	%	DKK '000	DKK '000	DKK '000	DKK '000
Cash	Floating	1-5	1-5	170,239	126,936	170,239	126,936
Securities	Fixed	2-4	2-4	481	597	481	597
Interest-bearing assets in total				**170,720**	**127,533**	**170,720**	**127,533**
Mortgage debt and credit institutions	Fixed/floating	3-6	3-6	562,307	351,241	561,777	350,711
Other interest-bearing liabilities	Fixed	3-6		1,924	0	1,924	0
Interest-bearing liabilities in total				**564,231**	**351,241**	**563,701**	**350,711**
The payment/maturity profile can be specified as follows:							
Less than 1 year				563,228	386,275		
1-5 years				29,581	33,055		
More than 5 years				142,142	59,444		
				734,951	478,774		

Note (DKK '000)

21 **Currency, interest rate, credit risk and use of financial instruments (contd.)**

Financial instruments

A The Parent Company balances in foreign currency (excluding currencies in the Euro cooperation) as well as the related hedging are as follows:

Currency	Financial assets	Financial liabilities	Hedged by forward transaction	30/9 2006 Net position	30/9 2005 Net position
SEK	112,812	(186,535)	0	(73,723)	(26,891)
GBP	0	(6,391)	649	(5,742)	535
USD	24,806	(32,826)	0	(8,020)	(21,071)
LVL	19,238	(21,229)	0	(1,991)	1,064
Other	86	(6,021)	0	(5,935)	4,551
	156,942	(253,002)	649	(95,411)	(41,812)
Payment/maturity profile can be specified as follows:					
Less than 1 year	156,942	(253,002)	649	(95,411)	(41,812)
1-5 years	0	0	0	0	0
More than 5 years	0	0	0	0	0
	156,942	(253,002)	649	(95,411)	(41,812)

B The Group balances in foreign currency (excluding currencies in the Euro cooperation) as well as the related hedging are as follows:

Currency	Financial assets	Financial liabilities	Hedged by forward transaction	30/9 2006 Net position	30/9 2005 Net position
SEK	246,604	(269,924)	0	(23,320)	20,962
PLN	108,385	(106,857)	0	1,528	5,355
GBP	34,683	(20,732)	649	14,600	10,374
USD	24,806	(32,826)	0	(8,020)	(21,071)
RUB	5,220	(753)	0	4,467	618
LVL	19,596	(21,855)	0	(2,259)	1,064
THB	1,647	0	0	1,647	1,741
Other	86	(6,021)	0	(5,935)	4,551
	441,027	(458,968)	649	(17,292)	23,594
Payment/maturity profile can be specified as follows:					
Less than 1 year	441,027	(455,120)	649	(13,444)	23,594
1-5 years	0	(3,848)	0	(3,848)	0
More than 5 years	0	0	0	0	0
	441,027	(458,968)	649	(17,292)	23,594

As regards financial risks, see section on Risk assessment in the Management's review.

Note	(DKK '000)	GROUP 30/9 2006	GROUP 30/9 2005	PARENT COMPANY 30/9 2006	PARENT COMPANY 30/9 2005
22	**Contingent liabilities and other financial obligations**				
	Operating leases				
	Future rent and lease payments under non-cancellable contracts (minimum lease payments):				
	Maturity within 1 year	14,303	22,763	13,612	14,031
	Maturity between 2 and 5 years	30,487	30,863	28,905	29,794
	Maturity over 5 years	3,136	3,232	3,136	3,232
	In total	**47,926**	**56,858**	**45,653**	**47,057**

Operating leasing commitments concern cars, technical plant and machinery as well as furniture and fittings. The term of the contracts in the Parent Company is maximum 7 years at 30 September 2006 as well as at 30 September 2005. The maximum term of the contracts in the Group is 7 years at 30 September 2006 as well as at 30 September 2005.

	GROUP 30/9 2006	GROUP 30/9 2005	PARENT COMPANY 30/9 2006	PARENT COMPANY 30/9 2005
Capital and purchase commitments				
Investment in property, plant and equipment	40,384	12,933	13,014	5,310
Investment in intangible assets	0	6,259	0	0
Contingent liabilities				
Guarantee for bank debt of subsidiaries			70,971	79,900
Guarantee for bank balances in consortia	10,000	13,254	10,000	10,000
Other guarantees	8,719	5,984	0	0

Per Aarsleff A/S is jointly and severally liable with the other Danish jointly taxed companies for the total tax payable under the joint taxation until and including the tax year 2005. For 2006 the Company is only liable for tax payments received on account from the subsidiaries. Through the Danish joint taxation a subsidiary has used losses in a foreign subsidiary. The resulting retaxation liability has been provided for on the basis of a specific assessment, taking into consideration the relationship between using tax losses abroad and retaxation in Denmark.

The Aarsleff Group is engaged in various litigation and arbitration proceedings which are not expected to influence future earnings of the Group negatively.

	GROUP 30/9 2006	GROUP 30/9 2005	PARENT COMPANY 30/9 2006	PARENT COMPANY 30/9 2005
Collateral				
Payables to credit institutions for which collateral is provided	36,291	30,800	0	0
Mortgage deeds registered to the owner on real property at a book value of	56,718	50,800	0	0

Warranty obligations primarily concern completed contracts, which are executed against a warranty of normally up to 5 years. Obligations have been determined on the basis of historical warranty expenses.

The Company participates in consortia under a joint and several liability. At 30 September 2006 total payables amount to DKK 756.6 million against DKK 406.6 million at 30 September 2005. The Company do not expect any losses in addition to those included in the financial statements.

Note (DKK '000)

23 **Related party transactions**

	Subsidiaries		Associates		Joint ventures		Management [1]	
Parent Company	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
Income [2]	119,002	113,513	32,855	85,551	148,783	101,044	0	0
Expenses [2]	(82,887)	(73,391)	(10,821)	(21,787)	(30,542)	(59,538)	(5,251)	(1,928)
Receivables [3]	104,541	58,370	9,331	14,015	89,536	87,125	0	0
Liabilities [3]	(78,725)	(43,795)	(123)	(1,367)	(19,977)	(17,926)	0	0
Write-down of receivables	(276)	(2,848)	(36)	(3,904)	0	0	0	0

[1] Includes members of the Board of Directors and Management of the Parent Company. The amount concerns fees for Attorney Carsten Fode of Kromann Reumert for various legal assistance. Remuneration for the Management appears from note 6.

[2] Includes purchase and sale of goods and services.

[3] Includes receivables and liabilities in connection with purchase and sale of goods and services.

The finance income and expenses of the Parent Company concerning balances with subsidiaries and associates appear from note 9.

The Parent Company's balance with subsidiaries primarily concerns ordinary trade balances concerning purchase and sale of goods and services. Balances do not carry interest and are entered into on the same terms as with the other customers and suppliers of the Parent Company.

The dividend received by the Parent Company from subsidiaries and associates appears from note 9.

	Associates		Joint ventures		Management [1]	
Group	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
Income [2]	32,855	85,551	206,332	140,332	0	0
Expenses [2]	(10,821)	(21,787)	(68,882)	98,916	(5,251)	(1,928)
Receivables [3]	9,331	14,015	93,675	99,119	0	0
Liabilities [3]	(123)	(1,367)	(22,216)	(24,611)	0	0
Write-down of receivables	(36)	(7,896)	0	0	0	0

[1] Includes members of the Board of Directors and Management of the Parent Company. The amount concerns fees for Attorney Carsten Fode of Kromann Reumert for various legal assistance. Remuneration for the Management appears from note 6.

[2] Includes purchase and sale of goods and services.

[3] Includes receivables and liabilities in connection with purchase and sale of goods and services.

Per og Lise Aarsleffs Fond is considered to have control over the Group as a consequence of own shareholding and distribution of other shares. No transactions with the foundation took place in 2004/2005 and 2005/2006.

Transactions with subsidiaries have been eliminated in the Consolidated Financial Statements in accordance with the accounting policies.

No unusual agreements or other transactions have been concluded between the Group and related parties.

Note	(DKK '000)	GROUP 2005/2006	GROUP 2004/2005	PARENT COMPANY 2005/2006	PARENT COMPANY 2004/2005
24	**Other adjustments – Cash flow statement**				
	Profit after tax in associates	(13,153)	(2,344)		
	Warranty obligations	17,064	(2,046)	15,832	(2,046)
	Profit from sale of non-current assets	(14,046)	(11,215)	(3,958)	(7,015)
	In total	**(10,135)**	**(15,605)**	**11,874**	**(9,061)**
25	**Changes in working capital – Cash flow statement**				
	Inventories	(8,468)	(8,497)	5,948	(204)
	Work in progress, net	(74,569)	21,893	(42,902)	(1,666)
	Receivables	(116,965)	(47,627)	(108,125)	(25,917)
	Creditors, other debt etc.	99,589	32,796	54,822	33,860
	In total	**(100,413)**	**(1,435)**	**(90,257)**	**6,073**
26	**Liquidity – Cash flow statement**				
	Cash	170,239	126,936	153,157	93,126
	Bank overdraft	(386,644)	(257,458)	(281,215)	(162,563)
	In total	**(216,405)**	**(130,522)**	**(128,058)**	**(69,437)**
	Cash is combined as follows:				
	Share of cash in consortia	133,805	92,247	132,920	85,104
	Other cash	36,434	34,689	20,237	8,022
	In total	170,239	126,936	153,157	93,126

Note (DKK '000)

27 **Acquisitions**

2005/2006

In the financial year 2005/2006 Per Aarsleff A/S has made the following acquisitions:

As per 31 October 2005 Aarsleff Rörteknik AB took over the activities of Sacrab Installation AB, Sweden, placing them in an independent company under Aarsleff Rörteknik AB. The company is engaged in trenchless pipe rehabilitation.

As per 1 November 2005 Wicotec A/S acquired 100% of the shares in E. Klink A/S, Skovlunde. The company is engaged in ventilation.

As per 30 November 2005 Aarsleff Sp. z o.o. acquired 100% of the shares in KPB Kutno Sp. z o.o.. The company manufactures concrete elements.

	Fair value at the date of acquisition	Accounting value before acquisition
Intangible assets	5,492	0
Property, plant and equipment	17,771	17,771
Other long-term assets	10	10
Inventories	3,991	3,991
Receivables	19,069	19,069
Cash and cash equivalents	3,706	3,706
Non-current liabilities	(3,302)	(573)
Current liabilities	(10,983)	(10,983)
Net assets acquired	35,754	32,991
Goodwill	21,549	
Acquisition cost	57,303	
Of this figure, cash	(3,375)	
Cash acquisition cost/net cash flow at acquisition cf. Cash flow statement	53,928	

From the date of acquisition the acquired companies contribute to consolidated revenue with DKK 76.8 million and to the profit for the year with DKK 2.3 million.

The consolidated revenue and profit for the year 2005/2006, calculated as if the acquisitions had taken place effective from 1 October 2005, amount to respectively DKK 3.7 billion and DKK 92.9 million.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill has been determined at DKK 21.5 million. Goodwill represents the value of the existing staff, know-how and expected synergies from the uniting of interests with the Aarsleff Group.

No acquisitions were made in 2004/2005.

HIGHLIGHTS AND FINANCIAL RATIOS FOR THE GROUP (EURO)

(EUR '000)	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Income statement					
Revenue	406,186	420,141	397,455	457,765	507,079
Of this figure, work performed abroad	128,442	120,262	129,682	173,614	189,598
Foreign activities, including shares from associates	156,526	148,120	157,651	205,212	225,502
Profit on primary operations	9,605	5,008	9,381	8,950	15,282
Financials, net	(1,713)	(2,356)	(1,432)	(1,257)	(2,268)
Profit before tax	8,974	2,828	9,159	8,007	14,778
Profit after tax	5,990	1,574	5,747	5,994	12,431
Balance sheet					
Long-term assets	106,422	97,408	102,713	112,715	134,940
Short-term assets	140,729	134,688	147,169	154,347	192,246
Total assets	247,151	232,096	249,782	267,062	327,186
Equity	100,663	99,135	103,763	110,608	122,310
Non-current liabilities	37,950	36,161	32,120	28,760	42,266
Current liabilities	108,538	96,800	113,899	127,694	162,610
Equity and liabilities in total	247,151	323,096	249,782	267,062	327,186
Cash flow statement					
Cash flows from operating activities	26,511	21,651	17,341	20,739	15,781
Cash flows from investing activities, net	(17,858)	(6,925)	(20,247)	(17,170)	(37,845)
Of this figure, investment in property, plant and equipment, net	(17,626)	(6,952)	(19,429)	(24,105)	(29,965)
Cash flows from financing activities, net	1,977	(2,358)	(3,832)	(5,597)	10,547
Total cash flow	10,630	12,368	(6,738)	(2,028)	(11,516)
Financial ratios					
Gross margin ratio, %	12.1	10.7	11.8	11.5	12.0
Profit margin (EBIT), %	2.4	1.2	2.4	2.0	3.0
Operating margin (before-tax), %	2.2	0.7	2.3	1.7	2.9
Return on invested capital (ROIC), %	6.9	3.8	7.4	6.6	9.7
Return on equity (ROE), %	6.1	1.6	5.7	5.6	10.7
Equity interest, %	40.7	42.7	41.5	41.4	37.4
Earnings per share (EPS), DKK	21.48	5.69	20.98	21.78	44.80
Dividend per share, DKK	2.40	2.40	2.40	2.40	4.80
Number of employees	2,147	2,211	2,271	2,373	2,670
Applied translation rate	*7.4274*	*7.4256*	*7.4416*	*7.4624*	*7.4576*

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

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

COMPANIES IN THE AARSLEFF GROUP

COMPANY NAME	DOMICILE			OWNERSHIP INTEREST %
CONSTRUCTION				
Dan Jord A/S	Aarhus	Denmark	Contractors	100
Petri & Haugsted as	Rødovre	Denmark	Contractors	100
Wicotec A/S	Taastrup	Denmark	Contractors	100
E. Klink A/S	Skovlunde	Denmark	Contractors	100
Per Aarsleff GmbH	Hamburg	Germany	Contractors	100
Aarsleff Bygg- och Anläggnings AB	Limhamn	Sweden	Contractors	100
PIPE TECHNOLOGIES				
Danpipe A/S	Aarhus	Denmark	Contractors	100
Aarsleff Rörteknik AB	Stockholm	Sweden	Contractors	100
Sacrab Installation AB	Stockholm	Sweden	Contractors	100
Aarsleff OY	Helsinki	Finland	Contractors	100
Per Aarsleff ZAO	St Petersburg	Russia	Contractors	100
Per Aarsleff Polska Sp. z o.o.	Warsaw	Poland	Contractors	100
UAB Aarsleff	Kaunas	Lithuania	Contractors	100
Aarsleff S.r.l.	Milan	Italy	Contractors	100
Insituform Rohrsanierungstechniken GmbH	Nuremberg	Germany	Contractors	50**
PAA International Engineering Corp.	Taichung	Taiwan	Contractors	50**
Insituform Linings Plc.	Northants	United Kingdom	Manufacturing firm	25**
Arpipe Holding A/S	Aarhus	Denmark	Holding company	35**
PILING				
Centrum Pæle Holding A/S	Vejle	Denmark	Holding company	100
Centrum Pfähle GmbH	Hamburg	Germany	Contractors	100
Centrum Pæle A/S	Vejle	Denmark	Pile production	100
CP Test A/S	Vejle	Denmark	Vibration and noise measurements	100
Per Aarsleff (UK) Limited	Newark	United Kingdom	Contractors	100
Centrum Pile Limited	Newark	United Kingdom	Pile production	100
Aarsleff Sp. z o.o.	Warsaw	Poland	Contractors	100
KPB Kutno Sp. z o.o.	Kutno	Poland	Pile production	100
Aarsleff Grundläggnings AB	Gunnilse	Sweden	Contractors	100*
DORMANT				
Aarsleff Holding Ltd.	Hong Kong	China		100
Aarsleff (Thailand) Ltd.	Bangkok	Thailand		100
European Pipeline Contractors Limited	London	United KIngdom		33**

**Aarsleff Grundläggnings AB is 100% owned by Aarsleff Bygg- och Anläggnings AB*
***Associate*

CONSORTIA	OWNERSHIP INTEREST %	SPONSOR
A.S.R. Projekts	33	
Afcons Aarsleff Joint Venture I/S	50	Yes
APH Konsortiet J.V.	50	Yes
Arge Dalbensteg Seelandkai Lübeck	33	
Arge Eurogate HWS-Liegeplataz 2	50	
Arge HWS Deichtor/Stadtdeich	28	
Arge HWS Schluisgrover Hauptdeich	33	
Arge Jemnitzschleuse Börgerende	50	
Arge Mittelmole-Marine Warnemünde	50	
Arge Predöhlkai-Liegeplatz 2	50	
Arge Schutzmole Süd Marinestützpunkt Warnemünde	50	
Arge Seelandkai Lübeck	33	
Arge Strassenbau Stadtdeich	33	
Arge Veringkanal	33	
Banekonsortiet	50	Yes
Costain-China Harbour-Aarsleff JV	33*	
EOD-Gruppen J.V.	40	Yes
Fourcon J.V.	50	Yes
Gasbyggarna Sveapipe	50	Yes
J.V. K.K. Nielsen A/S og Per Aarsleff A/S	50	Yes
Malmö Citytunnel Group HB	25	
Motorvejskonsortiet Arkil-Aarsleff I/S	50	Yes
Naturgaskonsortiet Aarsleff/Bodo I/S	50	Yes
Pihl-Banekonsortiet I/S	50	
Pihl-Aarsleff J.V.	50	
Pihl-Aarsleff J.V.	50	Yes
Vejcon Fyn I/S	30	
Vejcon I/S	30	
ØMJV-Konsortiet (Split Joint Venture)	40	Yes
Aarsleff & Bodo J.V.	50	Yes
Aarsleff-Brückner J.V. I/S	50	Yes
Aarsleff-Gruppen I/S	33	Yes
Aarsleff-Kamco J.V. I/S	50	Yes
Aarsleff-Wicotec J.V. I/S	50	Yes

According to S 5 (1) of the Danish Financial Statements Act, partnerships in which Per Aarsleff A/S is sponsor have abstained from preparing financial statements as these partnerships are included in the Consolidated Financial Statements of Per Aarsleff A/S.

**Voting rights*

CONSORTIUM PARTNERS

Afcons Infrastructure Limited
Arkil A/S
Aug. Prien Bauunternehmung GmbH & Co. KG
Ballast Nedam Dredging
Bilfinger Berger AG
Bohlen & Doyen Bau und Service GmbH
Brückner Grundbau GmbH
China Harbour Engineering Company (Group)
Costain Building & Civil Engineering Limited
Demex Rådgivende Ingeniører A/S
E. Pihl & Søn A.S.
Ed. Züblin AG
Fr. Holst GmbH & Co. KG
Great Lakes Dredge & Dock Co.
Jorton A/S
Kamco A/S
Ludwig Freytag GmbH & Co. KG
MT Højgaard A/S
NCC Danmark A/S
Petri & Haugsted as
RBS Skals Joint Stock Company
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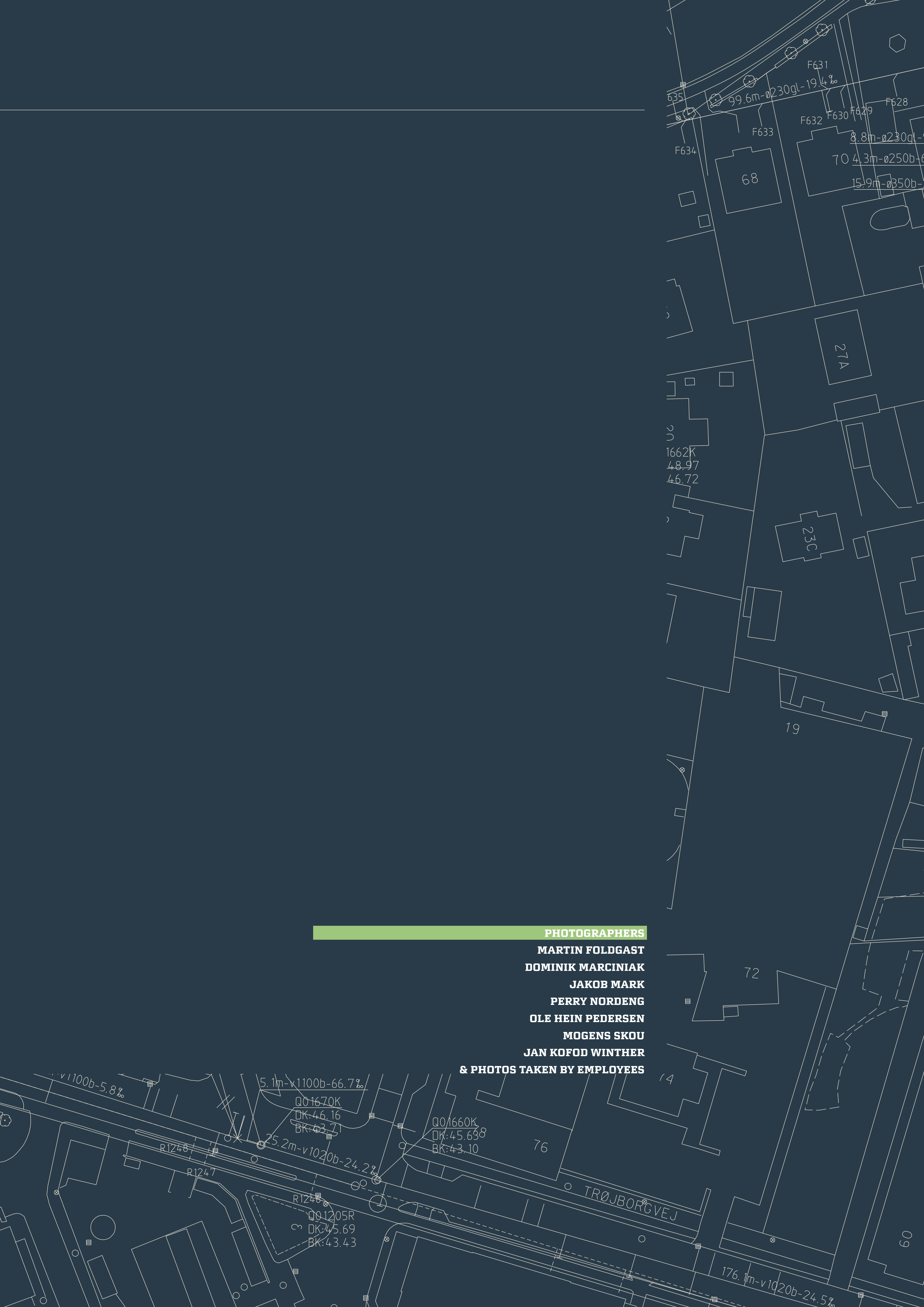

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