

This Annual Report is a translation of Per Aarsleff A/S's official Danish Annual Report. The original Danish text shall take precedence and in case of discrepancy the Danish wording shall prevail.

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## AARSLEFF SUPPLIES INFRASTRUCTURE — PROJECTS AND INDUSTRIALISED PROCESSES

A precondition for sound financial growth in society is the existence of the best possible infrastructure; Aarsleff wants to contribute to this. We work as a general infrastructure contractor and particularly in Construction we focus on infrastructure both in Denmark and abroad. In Pipe Technologies and Piling we focus on industrialisation.

### INFRASTRUCTURE IN DENMARK AND ABROAD

Aarsleff is a general infrastructure contractor. The activities include construction of roads, tunnels, reservoirs and pipelines. Other infrastructure competencies comprise harbours, ferry berths, coastal protection, embankments and offshore foundations. We have more than 40 years of experience in cofferdams and underground structures, and we have built up comprehensive geotechnical qualifications.

Further, Aarsleff specialises in railway work. The extensive experience and competence built up over the years are gathered in Banekonsortiet, which apart from the Parent Company consists of the subsidiaries Petri & Haugsted and Wicotec A/S.

### INDUSTRIALISATION AND OPTIMISATION

Throughout the years Aarsleff has made a targeted effort to optimize processes. This means that we have industrialised a number of products and services. This concerns piling and trenchless pipe rehabilitation. As regards both areas we have carried out a cost optimization of all stages.

### JOINT COMPETENCE

Aarsleff has established subsidiaries that are independent companies but at the same time part of the total competence of the Aarsleff Group.

The companies share the goal of exploiting the joint competence and create synergy in the business and product development.

Nationally as well as internationally Aarsleff makes a targeted effort to establish competent and competitive consortia and working relationships capable of bidding on large jobs in Denmark and abroad.

## COOPERATION AND SYNERGY

– OPEN, PROFESSIONAL AND CREATIVE COOPERATION



Aarsleff wants to be a cooperative partner who is highly professional, committed, careful, cost conscious and flexible.

We have built up a number of specialised competencies within Construction, Piling and Pipe Technologies. They are all part of the vision of supplying the best product.

### COOPERATION IS A NATURAL THING FOR AARSLEFF

In our experience the best cooperation is produced when the customer joins forces with the consultant and the contractor to perform a given task.

In addition to the technical qualifications the cooperative concept is deep-rooted in the individual employee. This is reflected by openness, trust and the will to cooperate professionally on the individual projects. Aarsleff also gladly participates as an active sparring partner in framework agreements, partnering and Public Private Partnerships (PPPs).

### OPTIMISATION OF PROJECTS

Partners to the Aarsleff Group on complex construction contracts will benefit from the specialised competencies we have built up over many years. We have gathered a team of highly qualified employees with a special expertise in developing and planning optimum projects. We can contribute consultancy and optimisation already in the planning phase.

We want to be successful on each individual project. An important tool in this connection is our project management which is characterised by openness and a flexible attitude to achieve the best result.

### SYNERGY YIELDS RESULTS

Aarsleff wants to trade on the synergy between the specialised products and the companies within in Group. The daily effort by which employees share knowledge and cooperate across organisational boundaries yields better solutions. This creates openness and a will to communicate internally as well as externally. An open dialogue promotes innovation and initiative – all preconditions for a sound and forward-looking product development.

### ONE COMMON CONTRACTOR'S CULTURE

We are tied together by one common contractor's culture, formulated through a practical set of values. The Aarsleff culture is strong and down-to-earth.

We are characterised by keeping our word and we are a reliable partner in all situations. We deliver on time and as agreed. Our flexible project organisation makes it possible to adjust the work to most anticipated as well as unforeseen events.

### THE EMPLOYEES ARE THE FOUNDATION

Aarsleff is characterised by having competent, flexible, diligent and enterprising employees. These are the values which we find should characterise cooperation at a professional level. This applies to the small details as well as in the overall perspective.

We achieve this by trusting the individual employee and through our project organisation, which picks the best team for the specific jobs.



## GLIMPSES OF THE YEAR

### COOPERATION AND SYNERGY

#### INTERNATIONAL COOPERATION IN MALMÖ

The consortium Malmö Citytunnel Group, consisting of Aarsleff, E. Pihl & Søn A.S. and German Bilfinger Berger AG, commenced the extensive tunnel works in Malmö in the summer of 2005.

The contract has a value of DKK 1.8 billion and comprises the boring of two parallel 4,650m long railway tunnels, a 250m long rock cavern station located 25 metres below ground level at Triangeln and a 700m long ramp at Holma, part of which is open and part is constructed under a portal structure and the remaining stretch in twin concrete tunnels.

In connection with the rock cavern station and ramp an extensive system for ground-water lowering and sheet pile installation for the cofferdams are to be established.

#### COOPERATION, SYNERGY AND OPTIMISATION

Aarhus Municipality has decided to execute all sewer rehabilitation projects in partnering as multi-annual framework agreements from 2006.

The municipality is aiming to make the rehabilitation work 10% cheaper and more efficient in 2009 - while still supplying a high quality to the satisfaction of all parties involved. Such close cooperation contributes a common focus and better overall solutions. It optimises the project both in planning and execution.

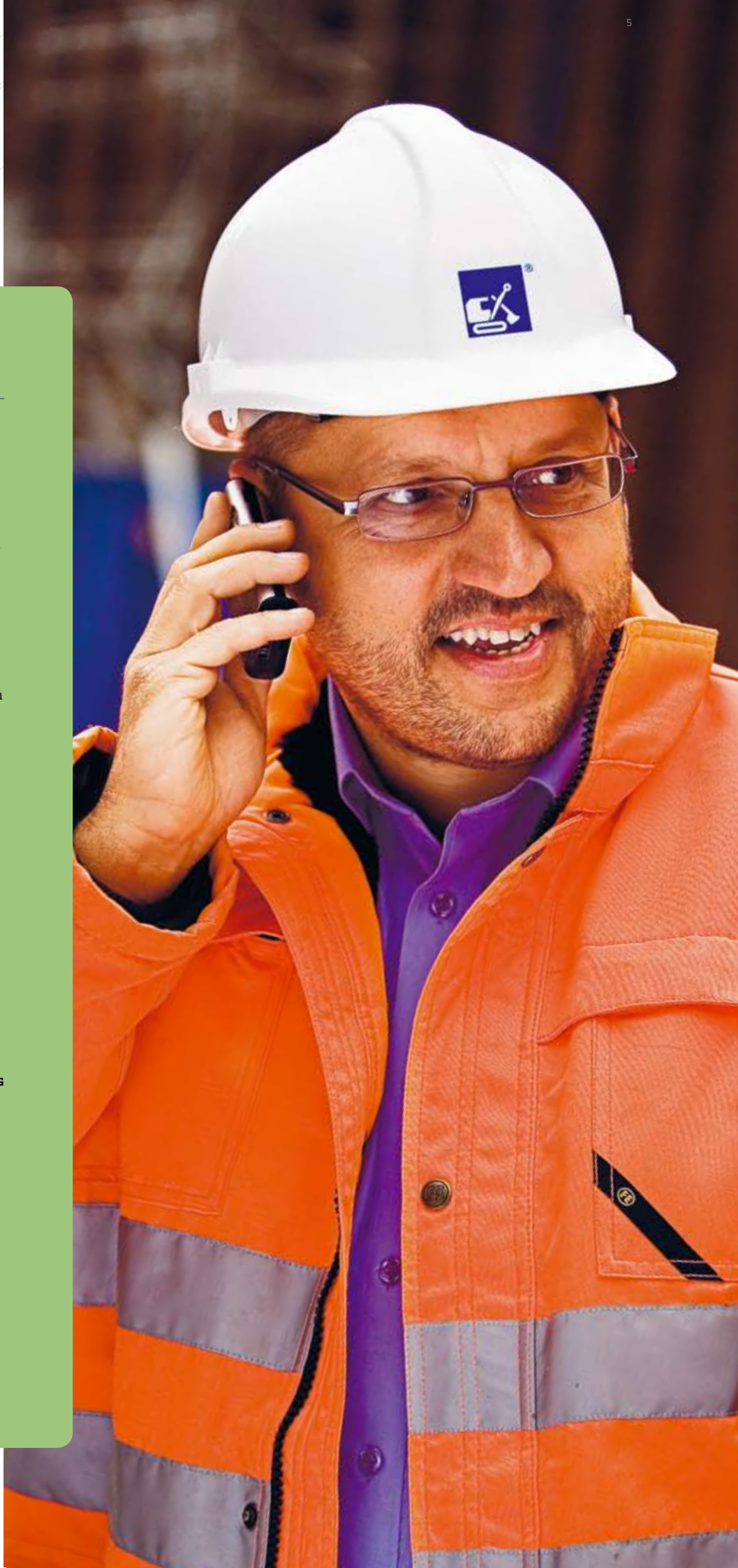
Aarsleff has signed a contract to perform two separate agreements; one for trenchless rehabilitation and another for traditional sewer rehabilitation by excavation.

#### KØGE HARBOUR TO BE EXTENDED IN PARTNERING

The client Køge Jorddepot and Aarsleff in partnering are to extend Køge Harbour over a number of years.

The harbour itself is currently under heavy development and the extension possibilities for the industrial and harbour areas are limited. Therefore, a 40-hectare landfill consisting of polluted soil from the Greater Copenhagen area will be established. Income from the depositing of the polluted soil will contribute to financing the harbour extension.

Sheet piles will be established to contain the polluted soil, and in addition the project comprises two new jetties as well as the extension and improvement of the recreational areas to the north and south of Køge Harbour.



## INFRASTRUCTURE SPECIALISTS

– INFRASTRUCTURE IS THE FOUNDATION OF SOCIETY



Aarsleff works as a general infrastructure contractor. We specialise in earthwork and construction work, underground structures and marine construction. Within all three areas we have many years of experience from big as well as small projects. All three areas are deeply rooted in our contractor's culture.

### **EARTHWORK AND CONSTRUCTION WORK**

Aarsleff possesses special qualifications to build roads, tunnels, gas pipelines and major sewers. We have also built up a specialized knowledge in establishing communication lines and high-tension lines.

### **MARINE CONSTRUCTION**

For more than 40 years Aarsleff has developed the competence and equipment to build harbours, ferry berths, coastal protection, embankments and offshore foundations. In addition we execute a number of specialised jobs such as sea crossings and dredging works.

### **UNDERGROUND STRUCTURES**

Since the 1960s Aarsleff has established cofferdams and underground structures. We handle major, complex assignments which call for a unique specialized knowledge of

geotechnical works. The underground structures comprise concrete works in connection with tunnels, reservoirs and underground parking.

### **GEOTECHNICAL SPECIALITIES AND EQUIPMENT**

Aarsleff has translated the geotechnical challenges into a number of special competencies. For instance, we handle groundwater lowering, horizontal drilling, vertical drilling and install soil anchors. This requires well educated employees with a vast experience and special-purpose machines that have been adjusted to the varying conditions.

### **SYNERGY AND CORPORATE CULTURE**

Aarsleff has many years of experience in building up special competencies for a specific infrastructure area. We have a corporate culture by which initiative and adaptability are part of everyday life. Our organisation is flexible and competencies are used across the Group.

There is a natural, close working relationship between the Parent Company and the subsidiaries Petri & Haugsted as, Wicotec A/S and Dan Jord A/S.

We work together to execute large, prestigious contracts, and we are highly concentrated on executing minor and medium-sized contracts efficiently and cost-consciously.



## GLIMPSES OF THE YEAR

### INFRASTRUCTURE SPECIALISTS

#### **BIG MOTORWAY JUNCTION AT ODENSE**

Denmark now has two motorway junctions shaped like a four-leaf clover for connection of two separate motorways.

At Odense Vejcon, consisting of Aarsleff, Arkil A/S, MT-Højgaard A/S and Jorton A/S, has executed a big motorway junction, connecting an existing motorway and a new motorway between Odense and Svendborg on Funen.

During the entire construction period the traffic remained undisturbed, also when the existing bridge across the motorway was enlarged and extended.

In addition to the motorway junction the DKK 162 million contract involved the construction of 4.5 km of motorway.

#### **WASTEWATER RESERVOIR AT TRØJBORG**

A new, big wastewater reservoir with a capacity of 16,000 cubic metres is being constructed at Trøjborg in Aarhus. The contract is executed by Aarsleff, Aarhus Municipality and consulting engineers Krüger A/S in partnering.

Having special competencies within construction work, concrete work and piling as well as geotechnology and design the reservoir constitutes one of Aarsleff's specialities.

The reservoir will be 30 metres wide, 60 meters long and 10 metres deep and is established in a sheet pile cofferdam which out of consideration for the surroundings has been executed by pressing the sheet piles into the ground by hydraulic pressure without any noise or vibration.

#### **PREPARATIONS FOR THE NEW NATIONAL ARCHIVES**

This past summer the preparations for the new Danish National Archives at DSB's (the Danish state-owned railway company) goods yard site along Kalvebod Brygge in Copenhagen began.

The ground floor of DSB's existing office block will form part of the future archives, while the surrounding buildings are to be removed. The contract has a value of a good DKK 100 million and comprises demolition works, pipe relocation, paving works and comprehensive installation works. The Danish National Archives will be constructed right next to the control and safety systems for the rail traffic, and Aarsleff previously executed an extensive test driving to ensure that the choice of foundation method would not affect the sensitive control systems.





## RAILWAY WORK

### – INFRASTRUCTURE ON RAILS



For many years now, Aarsleff has contributed a number of solutions to railway works. By the establishment of Banekonsortiet, Aarsleff has taken the consequences of the future major challenges in this area. Here, all competencies of Aarsleff and the subsidiaries Petri & Haugsted and Wicotec A/S are gathered in a consortium aimed at the growing railway market.

#### A LARGE MARKET POTENTIAL

The Danish railway system is about to undergo large and ambitious renewal and rehabilitation works. The area has the attention of the politicians which more specifically can be seen from the Budget which earmarks a number of billion investments for the coming years.

The political ambition is to renew the railway system so that Denmark can be prepared for more traffic, higher speed limits and enhanced safety.

#### THE CHALLENGES OF THE FUTURE

The railway works are an interesting technical challenge that calls for a wide spectrum of competencies from track work, bridges, traction current, high-tension current, remote control and general safety installations.

Aarsleff has extended its special competence within this area in a fluctuating market in recent years.

Banekonsortiet and the gathering of experience and references from the three companies enable Aarsleff to prepare a very competitive team for the challenges ahead.

#### FUTURE ORGANIZATION

Future jobs within railway construction, rehabilitation and maintenance work are to be executed in close cooperation.

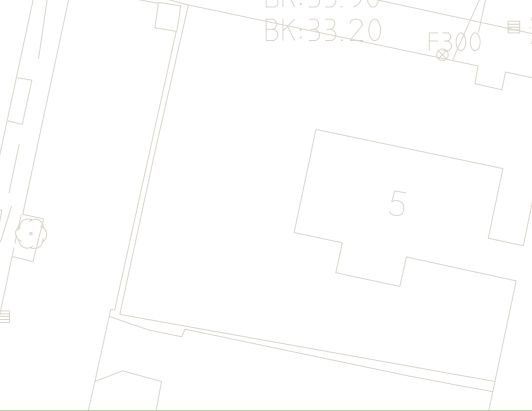
In Banekonsortiet Aarsleff can ensure that knowledge is shared across the companies. We have a precise knowledge of all employee resources and competencies as well as which type of equipment should be used for the specific jobs. We want to make sure that the expensive special-purpose machines are used in the most optimum way and with the least possible inconvenience to the train passengers.

#### TOP TRAINING AND INFORMATION

Working with infrastructure on rails places heavy demands on the qualifications and knowledge sharing of the employees. At Aarsleff we invest many resources in providing the required training to the individual employee of Banekonsortiet.

The targeted organization of Banekonsortiet reflects the focus Aarsleff has on establishing synergy between the many special competencies of the Group.





## GLIMPSES OF THE YEAR

### RAILWAY WORK

#### RENOVATION OF COPENHAGEN CENTRAL STATION

Planning and information are key words when the consortium Banekonsortiet, consisting of Aarsleff and the subsidiaries Wicotec A/S and Petri & Haugsted as together with E. Pihl & Søn A.S. executes the DKK 389 million contract on renovation of Copenhagen Central Station.

The consortium is to renovate the forecourt – an old, concrete structure. The work is executed from above as well as from below. The departure hall is to be reinforced by a new steel structure and two platforms will be lowered and extended.

The renovation work is carried out with a minimum of disturbance to the train operation and in order to avoid inconvenience for the 110,000 daily passengers and visitors at the station. This means shift work, maximum utilization of track barring and a high level of activity during the night where the train traffic is minimal. Everything is planned in detail out of regard for the passengers.

#### OPERATION AND MAINTENANCE OF VEJLE-AARHUS-GRENAÅ SECTION

Since 2004 Aarsleff and the subsidiary Wicotec A/S have been in charge of the operation and maintenance of the Vejle-Aarhus-Grenaa railway section.

The four-year contract has a value of DKK 83 million and comprises service tasks for tracks, safety and high-tension installations as well as forestry works.

In the summer of 2006 a number of track problems disturbed the traffic on this railway stretch, resulting in the trains having to run at reduced speed in several locations. In cooperation with Rail Net Denmark, Aarsleff and Wicotec have been in charge of part of the repairs in this connection, including replacement of rails and repair of safety installations.

The contract in eastern Jutland was the first maintenance job put out to tender and obtained by a private contractor. 40 people are employed on the contract, many of whom are specially trained safety and track engineers.





## ABROAD

### – SYNERGY ACROSS FRONTIERS

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Aarsleff is an international company, organised with foreign subsidiaries. As part of the Aarsleff Group any competence of the Group is readily available to the individual subsidiaries. This means that a national working relationship with an Aarsleff subsidiary also constitutes cooperation with an international Group.

#### SYNERGY ACROSS FRONTIERS

We use our experience from the Danish domestic market to strengthen our position on the foreign markets. Through our subsidiaries we build up a solid foundation which draws on our experience across frontiers.

We aim at establishing a uniform and international project culture. Therefore we focus on providing training and education to local manpower.

#### THE WORLD IS OUR MARKET

Aarsleff considers the world our place of work. We especially give a high priority to the countries around the Baltic where we have established subsidiaries.

In addition to this we will be present around the world and be involved in specific contracts. Aarsleff is prepared to continue the development of the cooperation with Danish as well as foreign partners.

#### INTERNATIONAL PARTNERSHIPS

Aarsleff is part of international partnerships through which we participate in turnkey contracts and as a specialized contractor on specific projects. We participate in extensive and professional consortia with Danish and foreign cooperative partners.

It is clear that Aarsleff and its employees benefit from cooperating across frontiers in international partnerships and consortia.

#### A RELIABLE PARTNER

The Aarsleff culture is based on professionalism, initiative and a short chain of command. This characterises our project managers, our employees and the way we work – nationally as well as internationally. We are a reliable partner who implements projects professionally, irrespective of where in the world they take place.

Despite cultural and regional differences there is an unambiguous attitude towards professional contracting and a will to exploit the business-related possibilities of synergy that are in the international market.

Aarsleff makes a targeted effort to establish competent and competitive consortia and working relationships that are able to bid on major international contracts.



## GLIMPSES OF THE YEAR

### ABROAD

#### EXTENSION OF RAILWAY IN SWEDEN

Aarsleff is represented by three projects for the extension of the west coast railway in Sweden.

At Falkenberg we are constructing a new station, a railway section and a bridge. The bridge is 240m long and rests on ten bridge pillars, two of which are in the river Ätran. The bridge floor consists of a 3,000m<sup>2</sup> large concrete pile deck founded on 30,000 running metres of reinforced concrete piles.

Just north of the bridge we are executing three kilometres of railway of which 1,170 metres constitute a blasted rock tunnel. North of this point we are building the new station which primarily consists of a steel and glass structure installed on a concrete bridge.

The three projects have a total value of SEK 343 million. The tunnel project is executed in a consortium with Austrian Beton- und Monierbau GmbH.

#### REHABILITATION OF SEWER SYSTEM IN SRI LANKA

In Colombo, the capital of Sri Lanka, Aarsleff is currently executing a major rehabilitation contract.

The DKK 148 million project is executed as a turnkey contract and comprises trenchless pipe rehabilitation of almost ten kilometres of wastewater pipe as well as the establishment of a new pumping station and renovation of an existing one.

The pipe system consists of circular and egg-shaped pipes dimensioned 450mm and 1830×1220mm respectively. The rehabilitation methods applied include traditional CIPP lining as well as lining with prefabricated glass fibre elements manufactured at our own factory.

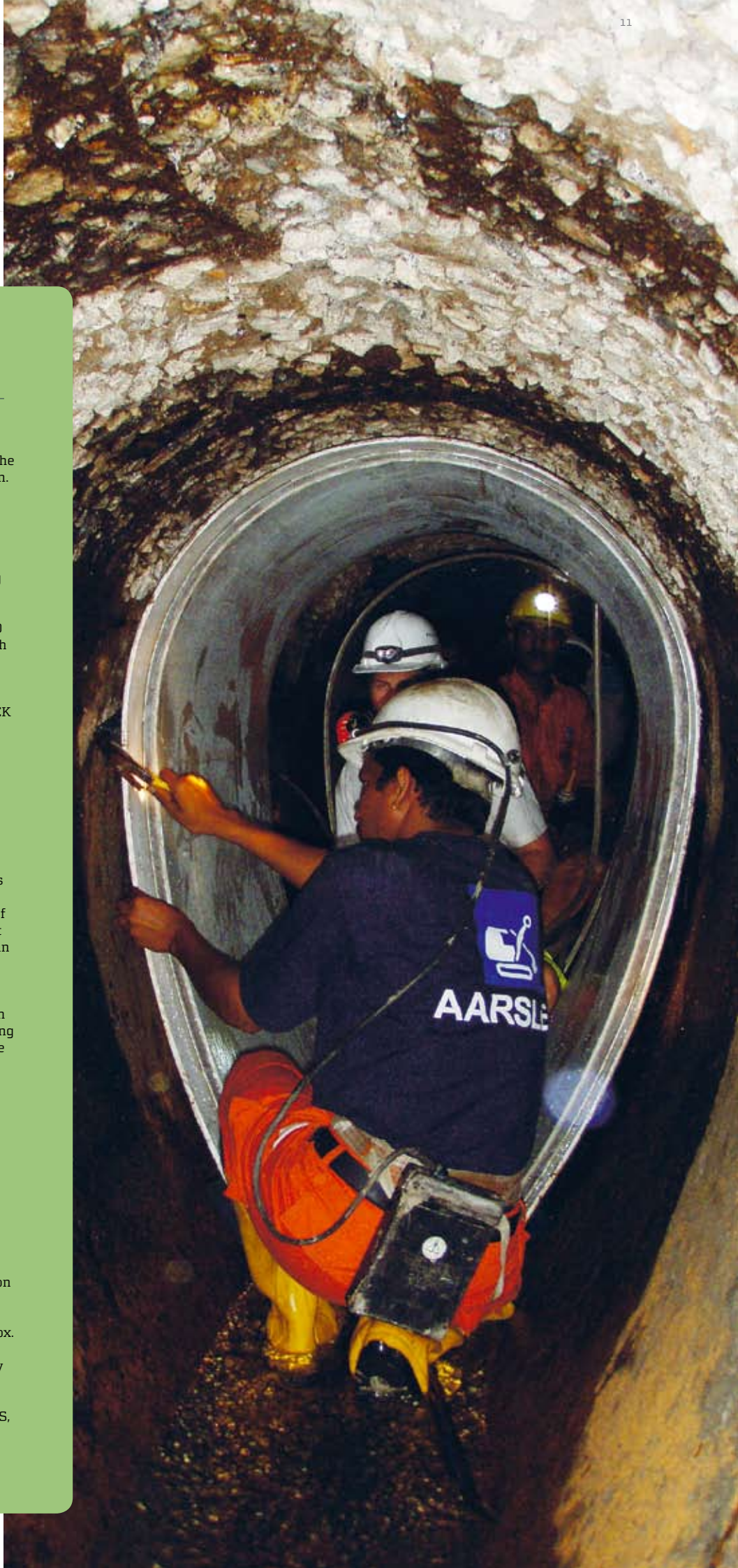
The cofferdam for the new pumping station is 15 metres deep, 35 metres long and 17 metres wide. The walls consist of 880mm diameter secant piles drilled one metre into solid rock.

#### WATER TREATMENT IN THE DOMINICAN REPUBLIC

Over the year one water treatment plant and three wastewater treatment plants were handed over to the client Coraasan in the Dominican Republic in the Caribbean.

The contract had a value of DKK 100 million and was for the extension and rehabilitation of four plants in Santiago, the second largest city of the republic with a population of approx. 800,000.

The contract comprised the design, supply and installation of mechanical and electrical equipment. The contract was the outcome of the cooperation between EAC Trading Ltd. A/S, a Danish bank consortium, the Export Credit Fund and Aarsleff.





## INDUSTRIALISATION IN PIPE TECHNOLOGIES

- HI-TECH PRODUCT DEVELOPMENT AND SYNERGY



Aarsleff is among the leading companies in the world within trenchless pipe rehabilitation. For more than 25 years we have built up a specialized knowledge and further developed the trenchless pipe rehabilitation method which is based on the principle of installing a new lining in existing pipes and pipelines.

The method comprises horizontal pipes in the ground and vertical pipes in buildings. We rehabilitate wastewater pipes, drinking water pipes, industrial process pipes, vertical pipes and ducts in buildings as well as manholes.

### METHOD DEVELOPMENT

Aarsleff currently develops new technology and units that take up minimum space and cause the least possible inconvenience to the traffic and citizens.

In addition to TV vehicles for inspection and documentation we use purpose-built units which are small, mobile factories. The mobile units can be used irrespective of the site conditions. This makes it possible for Aarsleff to offer turnkey solutions and install complete, new linings and transitional profiles in places that are normally inaccessible, e.g. narrow backyards, train platforms and basements.

### PRODUCT DEVELOPMENT

All materials are produced at our own factory in Hasselager, and Aarsleff's laboratory performs a control of the products

that are applied on an ongoing basis. Development of new materials is handled and tested by competent employees. Completed rehabilitation jobs are also inspected and documented by the laboratory.

### QUALITY ASSURANCE

Aarsleff is in the lead when it concerns the demands for increased quality. Therefore Aarsleff in Denmark is affiliated with the DTVK Scheme for TV Inspection, the Control Scheme for Pipeline Rehabilitation and ISO certifications for quality as well as the environment.

The extensive quality assurance is also reflected in laboratory tests and tests of excavated pipes. We expect a service life of minimum 100 years for an Aarsleff cured-in-place lining.

### INDUSTRIALISATION IN PIPE TECHNOLOGIES

The constant development of method, product and quality has produced a highly industrialised product based on a sound economy.

The gain from the industrialisation of Pipe Technologies is a high-quality product with low costs and a high common standard in Denmark and abroad. A development that is strengthened by synergy processes between departments, subsidiaries and through the joint export organisation in Denmark.



## GLIMPSES OF THE YEAR

### INDUSTRIALISATION IN PIPE TECHNOLOGIES

#### **FIVE MUNICIPALITIES COOPERATE ON SEWER REHABILITATION**

In 2004 Greve, Køge, Skovbo, Solrød and Vallø municipalities entered into a three-year framework agreement with Aarsleff on trenchless pipe rehabilitation.

The municipalities have combined rehabilitation activities for approx. ten million each year and their cooperation enables better planning, a higher degree of flexibility and thus the same high quality at a lower price.

The agreement comprises cured-in-place lining of sewer pipes and laterals as well as renovation of the manholes on the rehabilitated pipe stretches. The rehabilitation is carried out following a thorough planning phase in which the condition of the pipes are assessed and prioritized on the basis of TV inspection.

The framework agreement has been extended until the end of 2007.

#### **RENEWED PIPE SYSTEMS UNDER DSB STATIONS**

For several years Aarsleff has cooperated closely with DSB on rehabilitation of the pipe system at several of the Danish train stations.

Discharge pipes as well as storm water pipes are located under rails, platforms and shopping areas, and DSB attaches great importance to the consideration for the many daily passengers.

Planning, consultancy and execution take place in close dialogue with DSB. A TV inspection forms the basis of an assessment of the pipe condition before the final rehabilitation plan is prepared.

A wide product range means that Aarsleff is able to meet many of the rehabilitation needs so that the entire pipe system is secured for many years.

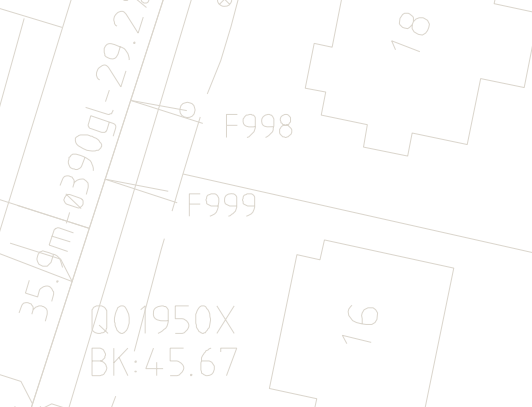
#### **CIPP LINING UNDER THE MOSCOW RIVER**

Right at the centre of Moscow Aarsleff has CIPP rehabilitated 300 metres of a 1400mm diameter steel pipe located ten metres below the surface of the river Moscow.

As many other big cities Moscow is located along a river, and the much-needed rehabilitation of the city's sewer system is complicated by the fact that many pipelines cross the river.

If a submerged pipeline is emptied there will be a risk of uplift pressure – therefore the rehabilitation takes place according to a thoroughly planned process based on thorough inspection and cleaning – all executed in and under water.

Aarsleff is one of the few No-Dig players in the world who has the expertise to rehabilitate large pipelines like the one in Moscow.



## INDUSTRIALISATION IN PILING

### - COST-CONSCIOUS PRODUCT DEVELOPMENT



Today Aarsleff is the leading and trendsetting contractor in Northern Europe within production and driving of concrete piles, establishment of complete cofferdams as well as installation of sheet piles. We want to keep this position and develop further.

Aarsleff aims at industrialising and standardising a number of piling products. This concerns the production and driving of concrete piles as well as installation of sheet piles.

#### OWN PRODUCTION OF PILES

As part of this industrialisation Aarsleff aims at a uniform pile production certified for quality. It is on this background that we have established our own pile factories in Denmark, England and Poland.

We continuously work on optimization of processes and cost minimization of the production.

#### INDUSTRIALISATION ON LAND

On land we have specialised in piling and sheet piling jobs. Our region of operation is Northern Europe where the soil conditions are highly varied and require specific adjustments. The many years of experience enable us to supply an industrialised product which at the same time is flexible and adjustable to the conditions in question. We also carry out a number of foundation activities in connection with wind turbine foundations.

#### INDUSTRIALISATION AT SEA

We have a wide range of experience from many years of harbour and bridge projects in Denmark and abroad. Our expertise includes sheet piling, which is often executed under very difficult and alternating weather conditions.

#### MACHINES FOR ALL TYPES OF WORK

We consider it a very important competitive parameter to be able to offer a large and flexible train of machines. We aim at using our experience in the development of new methods and equipment. Therefore we have allocated many technical resources to the ongoing adjustment of the large train of machinery.

It is important for us to execute our work with an absolute minimum of noise and vibration in consideration of the surrounding environment.

#### COOPERATION AND SYNERGY

Industrialisation means standardised products that are used across the Aarsleff Group. The primary markets remain in Northern Europe with Denmark, Germany, England, Poland and Sweden as the most important ones. In these countries we are represented by own subsidiaries.

#### INDUSTRIALISATION AND FLEXIBILITY

Aarsleff offers a highly industrialised product and tailored solutions to special foundation jobs. The decisive thing for us is to be able to supply the right product at the right price and quality.



## GLIMPSES OF THE YEAR

### INDUSTRIALISATION IN PILING

#### INCREASING DEMAND FOR PILES

Increasing demand has caused Centrum Pæle A/S in Vejle to expand the production.

The increase in capacity consists of a new casting building in which the piles are cast automatically – the casting forms rotate while the concrete distributor stands still. At maximum capacity the new production unit will be able to produce approx. 300,000 running metres of piles per year. This equals a production increase of approx. 30%.

The demand for piles in Poland is also heavy. Here, Aarsleff has invested in our own pile factory. Following a number of investments the factory now produces 150,000 running metres per year.

#### SOLID FOUNDATION IN PORT OF COPENHAGEN

At the outer end of Sluseholmen in Port of Copenhagen, Aarsleff is constructing the peninsula and foundation for the unique 11-storeyed house building called Metropolis.

The location and height of the building structure make specific requirements for the foundation. 170 running metres of sheet piles in lengths between four and seven metres have been driven around the peninsula. All sheet piles have been installed from pontoon and the structure comprises wailing and anchors. On the island we have installed 900 reinforced concrete piles. The piles range in size between 25×25 and 30×30 centimetres and in lengths from 11 to 16 metres.

In order to absorb the wind loads vertical soil anchors have been installed.

#### NEW QUAY IN PORT OF HAMBURG

In Port of Hamburg Aarsleff has obtained yet another job. In cooperation with Ed. Züblin AG we are constructing 390 metres of new quay.

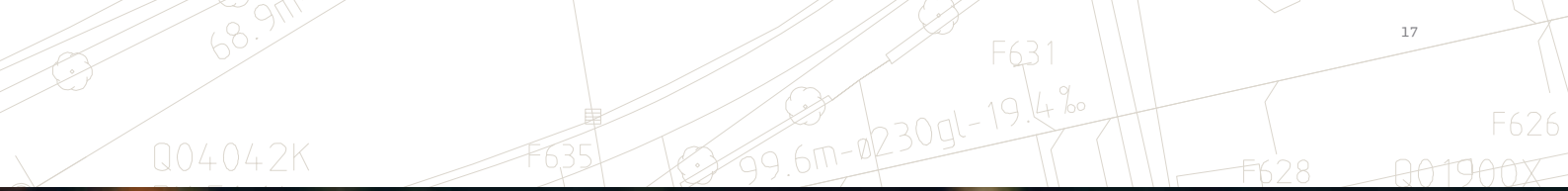
The quay is built as a combined wall with up to 33m long, double PSp 1006 profiles and intermediate sheets in lengths of 28 metres. The quay wall is anchored rearwards, the anchor being hinged on the quay wall. The entire quay area is established as a floor on pile foundations with crane rails. The water depth at the front of the quay wall will be at level -16.7.

The quay which has a value of EUR 11 million is scheduled for completion by summer 2007.















## HIGHLIGHTS AND FINANCIAL RATIOS FOR THE GROUP F631

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

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

Highlights and financial ratios for 2004/2005 and 2005/2006 have been prepared in accordance with IFRS, cf. the paragraph Changes to accounting policies as a consequence of 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.

## THE YEAR IN BRIEF



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

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

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

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

Cash flows from operating activities with deduction of investments constitute a liquidity drain of DKK 165 million

and are above the outlook expressed at the beginning of the financial year as a consequence of the acquisition of the ventilation company E. Klink A/S as well as a higher level of activity.

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

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

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

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



## THE FUTURE



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

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

Investments are expected to amount to DKK 180 million.

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

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

The use of partnering contracts and the further development of existing forms of cooperation are in great demand on the

Danish construction market. Still more often, the contractor contributes to the design and planning phase of a project and helps create good and effective solutions for the customer. There is a tendency towards bigger and complete construction solutions, where the optimization of the projects does not limit itself to the construction work but is a combination of the construction, maintenance and operation over an extended period of time.

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

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

## THE PAST YEAR IN CONSTRUCTION

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

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

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

In Southern Sweden two tunnel projects are in progress; Citytunneln in Malmö and a mountain tunnel at Falkenberg. Several minor construction projects in the Malmö area are progressing favourably, whereas repairs on a completed harbour project have put a strain on the finances. Other

foreign activities comprise several overseas contracts in Africa, Asia and Central America, and we have a total of around 50 employees stationed abroad.

### Subsidiaries

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

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

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

### The future

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

*Establishment of the Malmö Citytunnel. The contract has a value of DKK 1.8 billion.*







## THE PAST YEAR IN PIPE TECHNOLOGIES

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

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

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

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

In Latvia we have been awarded new contracts within water treatment and wastewater treatment during the

financial year under review. As such we forecast a steady level of activity in the coming year in the Baltic region.

In Russia the principal activities have relocated from St Petersburg to Moscow and the results are satisfactory. A production of glass-fibre reinforced pipe segments for internal lining of large sewer pipes is being established. This is the same method as the one that is currently used on a big, one-off contract in Colombo, the capital of Sri Lanka.

### Subsidiaries

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

### The future

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





*As from 2006 Aarhus Municipality has decided to execute all sewer rehabilitation projects in partnering as multi-annual framework agreements.*



## THE PAST YEAR IN PILING

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

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

### Subsidiaries

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

We have now been active in Sweden for three years. Revenue is increasing and the result is satisfactory. The market is characterised by a high level of activity. In Gothenburg we work out of a leased area with offices and a

storage yard. We plan to continue building up an organization while establishing the best train of machines in the market at the same time.

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

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

### The future

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





*Aarsleff has invested in a pile factory in Poland. The factory now produces 150,000 rm of piles per year.*



*Aarsleff's new Jack V on its first assignment in Port of Hamburg.*

## INFORMATION TO SHAREHOLDERS

### Share capital

The share capital is DKK 45.3 million divided into DKK 2.7 million A shares and DKK 42.6 million B shares.

The B share capital is quoted on the Copenhagen Stock Exchange. The B share capital is distributed on shares of a nominal value of DKK 20 and at 30 September 2006 comprises 2,130,000 shares. The B shares are negotiable instruments issued to bearer but can be registered in the name of the holder in the Company's register of shareholders.

The A shares carry 10 times the voting rights compared to the B shares. The A shares are non-negotiable instruments.

### Shareholders

All A shares are owned by Per and Lise Aarsleffs Fond.

Shareholders as at 18 December 2006 who own more than 5% of the share capital or control 5% of the voting rights are stated at the top of the following page.

As at 18 December 2006, 2,099 shareholders had been registered, which equals approx. 86% of the share capital.

The voting rights at the general meeting are conditional on the shareholders, prior to the convening of the general meeting, having been registered in the company's register of shareholders or having applied for registration and having documented the acquisition of shares.

### Treasury shares

At the end of the financial year the holding of treasury shares amounts to 195,808 B shares of a nominal value of DKK 3.9 million and an acquisition cost of DKK 49.2 million.

The market capitalisation of treasury shares at 30 September 2006 is DKK 98.7 million.

The holding of treasury shares has been acquired to increase the financial flexibility in connection with future acquisitions.

### Market capitalisation

The market capitalisation of the company shares totalled DKK 1,043 million on 30 September 2006.

### Dividends

With a view to approval at the coming Annual General Meeting, the Board of Directors of the Company proposes that a dividend be set at 24% which equals DKK 4.80 per share of DKK 20.



Shareholders	Number of shares	Percentage of capital	Percentage of votes
Arbejdsmarkedets Tillægspension, Hillerød	226,710	10.01	6.90
Lønmodtagernes Dyrtingsfond, Copenhagen	151,775	6.70	4.62
Per og Lise Aarsleffs Fond, Åbyhøj – A shares	135,000	5.96	41.11
Per og Lise Aarsleffs Fond, Åbyhøj – B shares	9,544	0.42	0.29
Treasury shares	195,808	8.64	

#### Stock exchange announcements

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

#### Financial calendar

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

## CORPORATE GOVERNANCE IN AARSLEFF

### Ownership structure

Aarsleff was founded in 1947 and has been growing steadily ever since. The company was introduced to the Copenhagen Stock Exchange in 1984. The share capital has subsequently been increased and today totals DKK 45.3 million, distributed on 2.7 million unlisted A shares carrying a voting right of 10 per share and 42.6 million listed B shares carrying a voting right of one per share.

It is the opinion of the Management that such distribution of the voting rights provides the required peace and competence for the company to reach its strategic goals.

### Relations to partners

The mission statement of the Aarsleff Group involves a wish to be known for..

- being people who can be trusted
- giving job satisfaction and development a high priority
- possessing the engineering and contracting qualifications of the future
- having high standards of project management and professional cooperation
- being a professional and reliable business partner
- considering the world our place of work.

Aarsleff's mission statement materialises, in relation to our partners, in the professionalism shown in the execution of our work and through our respect for customers, colleagues within the business and our employees. Aarsleff offers attractive work places in which safety, job satisfaction and lifelong development are given pride of place.

Through our work, Aarsleff wants to compare with the best within the business. This goes for the professional implementation of our work as well as profitable growth, competitiveness and a sound financial situation.

Aarsleff's investor relations policy is available to all interested parties. The Group publishes quarterly reports on the financial results and communicates on a current basis with investors and other partners. Aarsleff's homepage - [www.aarsleff.com](http://www.aarsleff.com) - contains elaborating information on the business areas of the Group as well as on the financial situation.

### Board of Directors

The Board of Directors determines the mission statement as well as the general objectives and strategies for the

Aarsleff Group. The Board of Directors handles the managerial control of the company and evaluates the work of the Management on a current basis.

The Board of Directors consists of four external board members, elected by the Annual General Meeting for one year at a time, and three staff-elected board members. The Company has no age or time limit for the work of the external board members of the Company.

Board meetings are held at least five times a year with the participation of the Management. The chairman is responsible for the satisfactory function of the Board of Directors at all times.

No committees of directors have been appointed. The business procedure of the Board of Directors is reviewed annually to ensure that it satisfies the demands of the company. Guidelines have been prepared as to the reporting from the Management to the Board of Directors as well as for the communication between the Board of Directors and the Management.

The Board of Directors is made up according to a principle of representing all important competences. In the procedures for recommendation of new candidates to the Board of Directors we try to safeguard this principle, so that the Board can continue to carry out its work in the best possible way.

The Board of Directors receives a fixed annual remuneration. No incentive programmes have been established.

Previously established incentive programmes for the Management have expired. No new incentive programmes have been established.

### The Aarsleff Code of Conduct

The Aarsleff Code of Conduct states the general principles of the company's way of working. The Board of Directors of the company has approved the principles, which have subsequently been communicated to the employees.

The Aarsleff Code of Conduct determines the rules of good behaviour with respect to employees, environment and ethics as a condition of any cooperation in which Aarsleff participates.

The Aarsleff Code of Conduct has been prepared in accordance with the UN's Universal Declaration of Human Rights, the ILO Convention and UNICEF's Convention on the Rights of the Child.



## RISK ASSESSMENT

### Commercial risks

Within our specialised fields we execute a number of routine jobs involving a large degree of repetition. One of the effects of the repetition is the possibility to control and reduce errors and risks. A systematic work is carried out to identify and remove sources of error, and the repetition provides an opportunity to monitor, control and inspect the work.

In addition to this we minimise risks on large one-off projects by entering into consortium agreements. By doing so, a harmonisation of the organisational capacity as well as reduced effects from unsuccessful projects can be obtained. As far as possible, we co-operate with already known partners. In connection with projects in unknown markets we frequently seek a local partner for the project in order to minimise the risk of first errors.

A special form of hedging consists in integrating the design and planning. Traditionally, a contractor does not become part of a project until a firm of consulting engineers has completed the design and the tender phase is over. However, there is a tendency to involve the contractor early when initiating the designing. In some instances this form of cooperation leads to partnering contracts and in other instances to design & construct contracts. We actively participate in this development process.

### Financial risks and policy

The Aarsleff Group has performed a considerable amount of work abroad in recent years. This entails exposure to a number of financial risks concerning both profit and balance sheet. The risks are monitored and controlled centrally within Per Aarsleff A/S in accordance with the fiscal policy adopted by the Board of Directors. The policy involves a low risk profile, so that risks will only occur on the basis of business matters.

### Currency exposure

It is Group policy to reduce currency exposure by evaluating the individual projects and markets with a view to establishing currency hedging. Normally foreign currency overdraft facilities are established on the basis of a current statement of the currency exposure regarding the most important currencies. In addition to this, forward and option contracts are used. Short-term and long-term outstanding amounts in Group enterprises are normally not currency hedged.

### Interest rate exposure

At the end of September 2006, Group interest-bearing liabilities and interest-bearing assets totalled approx. DKK 394 million. In order to minimise the interest rates as well as the risks we have entered into cash pool and interest netting agreements in DKK, SEK, EUR and GBP with the Group's Danish banker.

### Credit risks

The majority of the Group's customers consist of public or semi-public clients and as such, the exposure to financial losses is at a minimum. The Group's receivables from the sale to other customers have been exposed to the usual credit risk. Therefore a credit rating of the customers is carried out prior to commencement of a contract. To the extent that it is appropriate and possible receivables from sale are hedged via bank and insurance guarantees and letters of credit.

### Liquidity and borrowing risks

It is Group policy to have the necessary liquidity available. The stable and good financial position of the Group entails a high creditworthiness which is reflected in appropriate credit facilities and loan commitments, short-term as well as long-term.

## KNOWLEDGE RESOURCES

Aarsleff's knowledge resources are composed of versatile civil engineering and contracting competencies, combined with an organisation and common contractor's culture that create a platform for exploitation of the synergy potential across the Group.

We particularly focus on two target areas and have initiated a number of activities, focusing on the development of the project manager within respectively one-off projects and service contracts and on the development of employees and project managers with special competencies.

### **Project manager development – focus on the project manager**

The project manager on one-off projects vouches for the quality and is responsible to the customer. He is responsible for the technology, economy, time, coordination and cooperation from commencement to completion of the project. We call the project manager responsibility a total responsibility, and we arrange seminars and training as part of a targeted development of our project managers.

The project manager on service contracts or framework agreements, which typically run for several years, also holds a total responsibility. This type of responsibility resembles an operational responsibility. It concerns technical knowledge, prioritization, planning, budgeting,

implementation, reporting and cooperation. An internal training programme is completed with the aim of creating a ready staff of qualified project managers.

### **Development of special competencies**

At Aarsleff there is an ongoing development of employees with specialist knowhow of technical construction principles, methods of execution, geotechnical conditions, materials and the use of special equipment. Furthermore, we aim at educating a large number of highly qualified project managers with overall competencies for international projects.

Within foundation we utilize our knowledge from international activities by exchanging experience and cooperating across the organisations of the individual subsidiaries.

Employees with specialist knowhow, at an international level, of trenchless pipe rehabilitation go through a current development; partly as regards professional sales to professional customers, and partly regarding technical competencies which enable us to maintain our own product and method development. By this process we want to ensure a constant improvement of our market position.



## QUALITY, SAFETY, HEALTH AND ENVIRONMENT



It is our policy to carry out all operations in a reliable way with respect to health and safety and to avoid accidents by prevention.

It was our goal to achieve a reduction in the number of accidents in 2006 in the Parent Company. We managed to achieve this goal. The accident frequency in 2006 is 36.7 accidents per million hours – based on reports at 18 December 2006 – against 41.6 in 2005.

In 2006 we are on a par with the business; our goal for the coming year is to be below par.

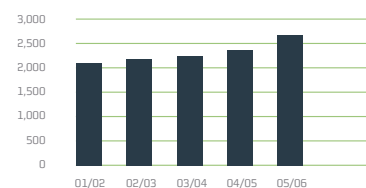
The expansion of the pile factory in Vejle and the investments made in this connection have resulted in considerable improvements of the safety and working environment. For instance, the number of heavy lifts has been reduced and ergonomics are taken into account.

The expansion of the tube factory in Hasselager and the investments made in this connection also resulted in considerable improvements of the safety and working environment.

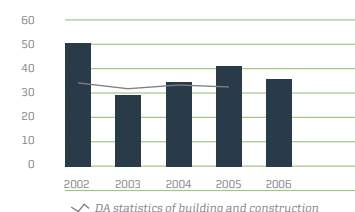
In 2006 Petri & Haugsted as was recertified according to the ISO 9001: 2000 quality standard concerning execution of technical installations for new constructions and maintenance.

In 2006 Wicotec A/S was recertified according to the DSOHSAS 18001: 2004 standard, following the Danish Working Environment Service order no. 87 of 2005.

NUMBER OF EMPLOYEES



ACCIDENTS PER MILLION MAN-HOURS



## POSITIONS HELD BY THE MANAGEMENT AND BOARD OF DIRECTORS

### MANAGEMENT

**BSc. (Eng.) Ebbe Malte Iversen**

Nordhavn A/S

**Engineer Lars M. Carlsen**

No external managerial posts

### BOARD OF DIRECTORS

**Engineer Palle Svejstrup, Chairman**

Ege Tæpper A/S (Chairman)

Aarhus Stiftsbogtrykkeries Fond (Chairman)

Campinggården A/S

**State Authorized Public Accountant, practising certificate held in custody by FSR  
(the Danish Institute of State Authorized Public Accountants), Niels S. Møller**

Erik Dam Holding A/S (Chairman)

Erik Dam A/S (Chairman)

Aarhus Stiftsbogtrykkeries Fond

**Manager Jens Bigum**

Aarhus Universitet (Chairman)

Arla Foods UK PLC (Deputy Chairman)

Carlsberg Breweries A/S (Chairman)

Carlsberg A/S (Deputy Chairman)

Toms Gruppen A/S (Chairman)

Gerda og Victor B. Strands Fond

*From the left: Lars M. Carlsen,  
Leif Endersen, Ebbe Malte  
Iversen, Jens Bigum, Niels S.  
Møller, Palle Svejstrup, Carsten  
Fode, Jens M. Jørgensen and  
Boris Andersen.*





**Attorney Carsten Fode**

A/S 48

5. MAJ A/S

Aage V. Kjærs Maskinfabrik A/S (Chairman)

AVK Gummi A/S

BCA Auto Auktion A/S

Carefarm A/S

Chris-Invest A/S

Carl Hansen &amp; Søn Møbelfabrik A/S

CICO Invest A/S

Dansk Bygningsanalyse A/S (Chairman)

DMS Invest A/S (Chairman)

Global Green Energy A/S

Good Food Group A/S

Meinertz A/S (Chairman)

Redgreen A/S

Scandic Food A/S

Silentor A/S (Chairman)

**Unskilled Worker Boris Andersen (staff-elected)**

No external managerial posts

**Foreman Leif Endersen (staff-elected)**

No external managerial posts

**Chief Estimator Jens M. Jørgensen (staff-elected)**

No external managerial posts



## ENDORSEMENTS

### STATEMENT BY THE MANAGEMENT AND BOARD OF DIRECTORS


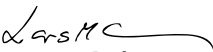
Today the Board of Directors and the Management have discussed and approved the Annual Report of Per Aarsleff A/S for 2005/2006.

The Annual Report was prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies applied appropriate. Accordingly, the Annual Report gives a true and fair view of the financial position at 30 September 2006 of the Group and Parent Company as well as of the results of the Group and Parent Company operations and cash flows for the financial year 1 October 2005–30 September 2006.




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

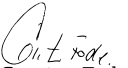
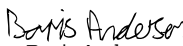

Aarhus, 18 December 2006

#### Management

   
Ebbe Malte Iversen      Lars M. Carlsen

#### Board of Directors

    
Palle Svejstrup      Niels S. Møller      Jens Bøgum

    
Carsten Fode      Boris Andersen      Leif Endersen

  
Jens M. Jørgensen

#### AUDITORS' REPORT

##### To the shareholders of Per Aarsleff A/S

We have audited the Annual Report of Per Aarsleff A/S for the financial year 1 October 2005–30 September 2006,

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

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

#### Basis of opinion

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

Our audit has not resulted in any qualification.


#### Opinion

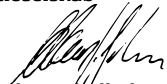
In our opinion, the Annual Report gives a true and fair view of the financial position at 30 September 2006 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 1 October 2005–30 September 2006 in accordance with International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

Aarhus, 18 December 2006

#### PricewaterhouseCoopers

Statsautoriseret Revisionsaktieselskab

  
Harald Birkwald  
State Authorized  
Public Accountant

  
Claus Lindholm Jacobsen  
State Authorized  
Public Accountant













The new motorway junction at Odense









Metropolis, Sluseholmen at Port of Copenhagen