AARSLEFF

ANNUAL REPORT 2006-07

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.

Sewer rehabilitation, Kystvejen, Aarhus.

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 as and Wicotec A/S.

INDUSTRIALISATION AND OPTIMISATION

Throughout the years, Aarsleff has made a targeted effort to optimise 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 optimisation of all stages.

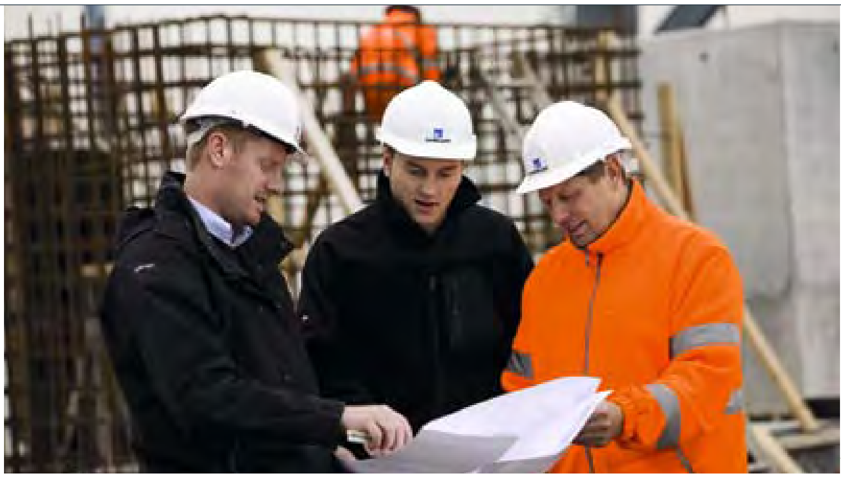
JOINT COMPETENCE

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 the 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.

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GLIMPSES OF THE YEAR
COOPERATION AND SYNERGY

THE WORLD'S LARGEST OFFSHORE WIND FARM
In cooperation with German Bilfinger Berger AG, Aarsleff has entered into a contract with Dong Energy on installation of the foundations for the offshore wind farm, Horns Rev 2.

The contract comprises production and installation of 92 mono piles in lengths up to 40 metres and a weight between 150 and 200 tons. Besides the mono pile, which is a steel pipe, the foundation consists of a transitional piece with a weight of up to 130 tons and a length of 18 metres. The foundation diameter is 4.2 metres.

When the offshore wind farm will be put into operation in 2009, the annual energy production is expected to correspond to the energy consumption of 200,000 households – or 2% of the total Danish electricity consumption. The offshore wind farm will become the world's largest.

PARTNERING IN KØGE HARBOUR
In the dock of Køge Harbour, the work on the 1.8-kilometre-long sheet pile wall has begun. The sheet pile wall will enclose the 40-hectare landfill where Køge Jorddepot is to deposit four million tons of lightly contaminated soil.

Køge Jorddepot is to be established in connection with the extension of Køge Harbour which besides the landfill comprises establishment of new jetties as well as extension and improvement of the recreational areas to the north and south of Køge Harbour.

The work will be carried out in partnering with Køge Municipality over the next ten to twelve years, and the contract has a value of DKK 950 million.

COOPERATION ACROSS THE GROUP IN KALUNDBORG
In the Southern Harbour of Kalundborg, a number of Aarsleff's specialised competencies are involved in the building of a new pharmaceutical production plant for Norwegian Pronova Biocare.

The plant will be built close to the dock and besides the demolition work which has already been carried out, Aarsleff holds the contract for both the piling and the concrete work. The concrete contract alone includes sewer, foundations and carcasses as well as the required infrastructure for the plant – distributed on earth, sewer and paving works.

It is a big, complex project with a brief execution period. The total contract value is DKK 100 million.

INFRASTRUCTURE SPECIALISTS

– INFRASTRUCTURE IS THE FOUNDATION OF SOCIETY

New quay, Port of Thyborøn.

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 specialised 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 specialised 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

SPECIAL QUAY CONSTRUCTION IN THYBORØN
Over summer, sheet piles as long as 31 metres were installed by vibration as quay wall on Thyborøn's new Southern Harbour. The entire quay construction is 180 metres long, and the sheet pile length is a result of very poor soil conditions.

For the same reason, the quay construction was made as a combined wall with every second profile driven 29 metres into the seabed. The anchoring is also untraditional with 101 friction anchors, each of them 50 metres long, built in two metres below ground. The anchors are fixed in the main wall with traditional anchor bars in level -3.

Then we carried out backfilling behind the quay wall, established stone revetments, installed hammer, bollards and other quay equipment.

CABLE LAYING FOR DONG ENERGY
On Zealand, Dong Energy is in full swing removing the old overhead lines and replacing them by underground cables sheltered from the wind and blown down trees.

The cable laying is carried out by Petri & Haugsted as, the Aarsleff Group's cable specialist on Zealand. Petri & Haugsted has a four-year framework agreement with Dong Energy that expires by the end of 2009 – with the possibility to extend it for a year.

The framework agreement contains removal of overhead lines, replacement of street lighting, change-over of existing service lines, establishment of new electric distribution cables, laying of fibre cables and casing pipes.

The annual revenue is expected to be DKK 50 million.

BIG, COMPLICATED EARTHWORK
North of Aarhus, Aarsleff is constructing part of the new motorway between Søften and Skødstrup. The motorway section consists of 4.1 kilometres of motorway and ramps, crossing roads and an exceptionally large roundabout with a diameter of 120 metres.

As an alternative to incorporating the existing amounts of soil that have an unusually high content of water, 200,000 tons of incineration ash have been added and incorporated.

The contract value is DKK 95 million and is carried out in cooperation with Arkil A/S. The work will be handed over to the client during the summer of 2008.

RAILWAY WORK
– INFRASTRUCTURE ON RAILS

Track renewal on Kystbanen, Hellerup-Elsinore.

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 as 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 ORGANISATION

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 specialpurpose 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 organisation of Banekonsortiet reflects the focus Aarsleff has on establishing synergy between the many special competencies of the Group.

GLIMPSES OF THE YEAR
RAILWAY WORK

TRACK RENEWAL ON KYSTBANEN

The time schedule was specified by the hour, 24 hours a day, seven days a week when Denmark's busiest railway section was renewed in 2007.

The track renewal is carried out in cooperation between Banedanmark Entreprise and the consortium Banekonsortiet which consists of Aarsleff and the subsidiaries Wicotec A/S and Petri & Haugsted as.

One third of DSB's passengers commute on Kystbanen making it Denmark's busiest railway section. The track renewal was mostly carried out over summer and consisted of replacement of railway sleepers and rails over a 45-kilometre stretch with mechanical track renewal, two kilometres of manual track renewal and finally 6.3 kilometres of ballast renovation involving replacement of ballasts and toe ballasts.

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 comprehensive 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 to the 110,000 daily passengers and visitors at the station. This means shift work, maximum utilisation 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.

INTERNATIONAL ACTIVITIES
– SYNERGY ACROSS FRONTIERS

Station Triangeln, Citytunnel Malmö.

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 specialised 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
INTERNATIONAL ACTIVITIES

MALMÖ'S TUNNEL BORING MACHINES ARE HALFWAY

During the late summer, the two boring machines arrived at the future station Triangeln below central Malmö. The boring machines have now covered the first 2.7 kilometres of the 4,650-metre-long stretch from Holma to the centre of Malmö.

In addition to the boring work, the contract comprises a 250-metre-long rock cavern station located 25 metres below ground level at Triangeln and a 700-metre-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.

As consortium partner in Malmö Citytunnel Group, Aarsleff cooperates with E. Pihl & Søn A.S. and German Bilfinger Berger AG on the project. The contract has a value of DKK 1.8 billion.

UPGRADING OF WATER SUPPLY IN RIGA

In Riga, Aarsleff has completed one of its biggest water treatment contracts ever in Latvia.

The contract consisted of three projects: establishment of 104 kilometres of pipeline for water supply, wastewater and storm water, boring of a two-kilometre-long tunnel and finally rehabilitation and extension of a waterworks. The work establishing the pipeline in three suburbs of Riga has been the biggest of its kind ever in Latvia.

Aarsleff has been involved in establishment and extension of water supply and wastewater treatment plants in Latvia since 1996. Typically, the work consists of turnkey projects where we both design and execute plants and piping systems.

NEW QUAY ON ST. MAARTEN IN THE CARIBBEAN

The mobilisation has started on the Caribbean island of St. Maarten where Aarsleff cooperates with Dutch Ballast Nedam Infra B.V. on the execution of a new quay for the island's many cruise ships.

The contract comprises building of a new cruise ship quay installed on piles as well as extension of the quay for freight and containers and for large cruise ships – a total of 4,000 tons of steel, piles and sheet piles. In addition, the contract includes execution of coastal protection and a big stone breakwater carried out with reinforcement consisting of 40 tons of Accropode.

The contract has a value of DKK 350 million.

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 specialised 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 renew 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

ONE OF THE LONGEST CURED-IN-PLACE LININGS
To protect one of the utility company Odense Vandselskab's large water catchment areas against contamination, two kilometres of wastewater pipe running through the Lindved area have been renewed with the Aarsleff cured-in-place lining.

The area has several drinking water wells and that places heavy demands on the tightness of the pipelines and the manholes. Moreover, the pipeline is located close to a watercourse making the accessibility very poor.

The optimal solution was to demolish a number of manholes and make the pipe stretches as long as possible. We succeeded in making the two-kilometre-long pipe stretch dimensioned DN400mm and 500mm in only four relinings, the longest being 810 metres and thus one of Aarsleff's longest cured-in-place linings so far.

FRAMEWORK AGREEMENTS WITH THE NEW MUNICIPALITIES
After a period of reluctance, the new municipalities are again prepared to enter into long-term agreements on sewer renewals. Over summer alone, Pipe Technologies has made agreements with the municipalities of Herning, Roskilde, Copenhagen, Lolland and Elsinore.

The framework agreements typically run for two years with the possibility of extension if the cooperation is successful. The new agreements have an annual financial limit of between DKK 2 and 20 million.

The framework agreements enable better planning, a higher degree of flexibility in execution and thus the same high quality at a lower price.

RECORD-BREAKING RENEWAL IN FINLAND
In Helsinki, Aarsleff Oy has carried out its biggest pipe renewal project ever consisting of a two-kilometre cured-in-place lining of a main sewer dimensioned DN1200-1400mm.

The client required a bypass flow capacity of 740 l/s during the renewal. The bypass was executed in a DN630mm in situ welded PE pipe and in connection with the crossing of a roundabout the line was raised 4-7 metres into the air by steel pipe bridges.

Also, the contract comprised rehabilitation of 40 manholes with jetcrete and renewal of 90 laterals with one-metre-long hat profiles.

INDUSTRIALISATION IN PILING

– COST-CONSCIOUS PRODUCT DEVELOPMENT

Geotechnical boring, Marmorkirken, Copenhagen.

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 optimisation of processes and cost minimisation 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

MAJOR INVESTMENTS IN ENGLAND

In England, Aarsleff Piling has seen a prolonged period of of sound and stable development and is now a significant player on the English market within manufacturing and installation with precast concrete piles.

To continue the growth strategy it has been decided to launch a major investment programme of DKK 50 million for expansion of the production capacity and implementation of an increased mechanisation in the manufacturing process.

PILE WALL WITHOUT NOISE AND VIBRATIONS

As the first Danish contractor, Aarsleff offers to install retaining walls quickly and efficiently without noise and vibrations.

In cities and in areas where the subsoil makes it impossible to establish a traditional retaining wall by pressed or driven steel sheet piles, the secant pile wall may be an obvious solution. The wall consists of driven, reinforced piles dimensioned to stand the load from earth and water pressure and the surface load from the adjoining buildings. The individual piles are driven and cast in-situ in one run – without noise and vibrations.

The first three projects have been carried out in Odense, Aarhus and Aalborg.

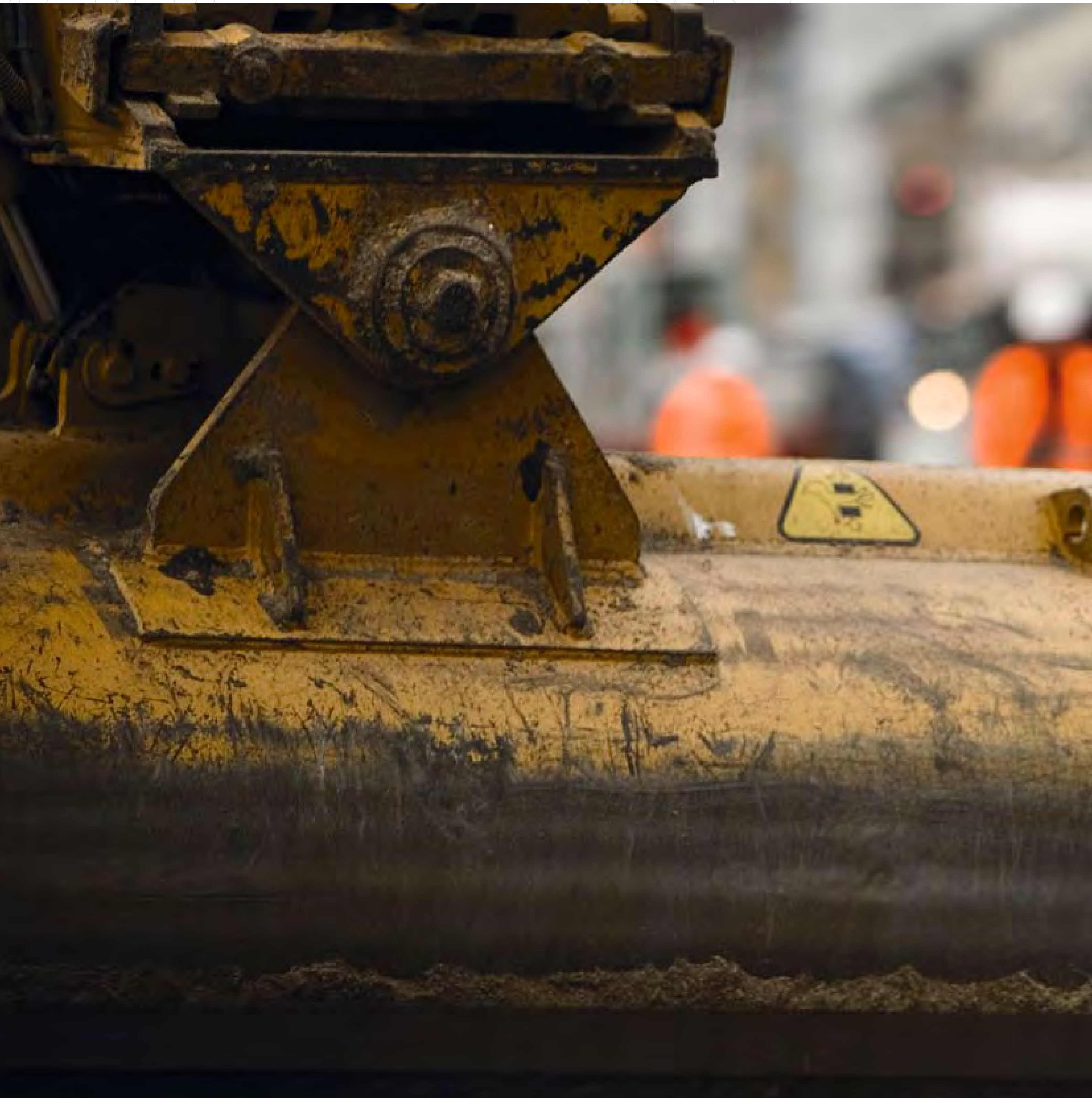
GEOTECHNICAL BORINGS FOR THE CITY CIRCLE LINE

In August, in cooperation with Geo (the Danish Geotechnical Institute), Aarsleff commenced the geotechnial borings along the City Circle Line, the future metro stretch in Copenhagen.

The work is part of the preliminary investigations, and a total of 350 individual geotechnical borings will be made along the 17-kilometre stretch. The borings are up to 50 metres deep, and half of them are made as core drilling with a complete logging program.

Data from the geotechnical investigations will be used to calculate how much earth pressure tunnels, stations and shafts must be able to withstand. Pumping tests from the water-bearing strata in the subsoil will show how far away the effect of the construction work can be traced.

Five to eight drilling rigs will be working on the project.




AARSLEFF

HIGHLIGHTS AND FINANCIAL RATIOS FOR THE GROUP

(DKK '000)	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Income statement					
Revenue	3,119,796	2,957,704	3,416,024	3,781,589	4,288,556
Of this figure, work performed abroad	893,021	965,044	1,296,020	1,413,949	1,555,906
Profit on primary operations	37,188	69,806	66,790	113,967	175,700
Financials, net	-17,491	-10,660	-9,379	-16,914	806
Profit before tax	21,002	68,157	59,755	110,206	186,928
Profit for the year	11,685	42,769	44,730	92,705	148,031
Balance sheet					
Long-term assets	723,315	763,604	841,718	1,006,813	1,059,941
Short-term assets	1,000,137	1,095,169	1,151,203	1,433,212	1,666,622
Total assets	1,723,452	1,858,773	1,992,921	2,440,025	2,726,563
Equity	736,136	772,160	825,399	912,140	1,049,979
Non-current liabilities	268,517	239,025	214,618	315,206	362,530
Current liabilities	718,799	847,588	952,904	1,212,679	1,314,054
Total liabilities and equity	1,723,452	1,858,773	1,992,921	2,440,025	2,726,563
Cash flow statement					
Cash flows from operating activities	160,775	129,046	154,763	117,690	239,853
Cash flows from investing activities	-51,423	-150,666	-128,128	-282,232	-171,653
Of this figure, investment in property, plant and equipment, net	-51,623	-144,582	-179,880	-223,468	-166,903
Cash flows from financing activities	-17,512	-28,517	-41,770	78,659	-12,335
Change in liquidity for the year	91,840	-50,137	-15,135	-85,883	55,865
Financial ratios					
Gross margin ratio, %	10.7	11.8	11.5	12.0	12.7
Profit margin (EBIT), %	1.2	2.4	2.0	3.0	4.1
Operating margin (before tax), %	0.7	2.3	1.7	2.9	4.4
Return on invested capital (ROIC), %	3.8	7.4	6.6	9.7	13.1
Return on equity (ROE), %	1.6	5.7	5.6	10.7	15.1
Equity interest, %	42.7	41.5	41.4	37.4	38.5
Earnings per share (EPS), DKK	5.69	20.98	21.78	44.80	71.54
Dividend per share, DKK	2.40	2.40	2.40	4.80	4.80
Number of employees	2,211	2,271	2,373	2,670	2,839

Financial ratios for the Group have been calculated in accordance with the "Recommendations and financial ratios of the Danish Society of Investment Professionals 2005". Please see page 53 for financial ratio definitions.

Highlights and financial ratios for 2004/2005, 2005/2006 and 2006/2007 have been prepared in accordance with IFRS. The comparative figures for 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

On Krigers Flak, in the waters between Bornholm and Rügen, the German research and anemometer mast Fino 2 was completed and handed over.

The consolidated profit for the financial year 2006/2007 is DKK 187 million before tax against DKK 110 million last year. The outlook was for a profit at DKK 120 million before tax at the beginning of the financial year and has been adjusted three times during the year, most recently in September where the announced outlook was for a profit at DKK 176 million.

Revenue reached DKK 4,289 million compared to DKK 3,782 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 2,733 million against DKK 2,368 million last year. The foreign part of revenue amounts to DKK 1,556 million against DKK 1,414 million last year.

The profit for the year is DKK 148 million after tax.

Cash flows from operating activities with deduction of investments constitute a positive liquidity flow of DKK 68 million.

In Construction, the profit before interest came to DKK 85 million of which DKK 11 million results from the sale of a concrete coating factory in Esbjerg. Pipe Technologies saw a profit before interest of DKK 14 million, and in Piling, the profit before interest came to DKK 87 million. The results include an extraordinary interest income of DKK 20 million from corrections of tax assessments of previous years.

The total operating margin is 4.4% against 2.9% last year.

The Board of Directors recommends that the dividend remains unchanged at 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 2,839 against 2,670 in the previous financial year.

THE FUTURE

The outlook for the coming financial year is for a profit before tax at DKK 170 million.

The level of activity is expected to increase slightly compared to the financial year 2006/2007.

Investments are expected to amount to DKK 320 million.

In Denmark, a number of future infrastructure projects are expected to contribute to a sustained, relatively high level of activity. Municipal sector investments are expected to approach pre-structural reform levels. The internal dynamic of the Copenhagen-Malmö region will characterise the future development. Investments in upgrading of the railways will go on, and the country's other transport systems are to be expanded to accommodate increasing traffic. Almost all the international markets near us are currently experiencing positive trends.

The order intake for major construction projects is selective, and the focus is on areas where the earnings opportunities are proportional to effort and risk. We will continue our work within the Group of ensuring and improving a professional completion of each individual project. The cooperation between sections, divisions and the individual companies will be continued with a view to being able to carry out major, complex construction projects with the most significant project parts as our own production.

The activities within pipe rehabilitation will be focused on the future development in Europe where the market is more mature. The number of material components will be increased and new methods developed. We intend to strengthen the effort within product development and currently incorporate new technology in the installation process.

Piling's primary markets are Denmark, England, Germany, Poland and to a smaller extent Sweden. We will continue to strengthen our leading market positions and intensify the current sound development. We plan to further develop our special geotechnical activities and continue to standardise and make industrial pile manufacturing more efficient.

We will continue to ensure job satisfaction and personal development in a straightforward and open culture in which the employees have freedom, take responsibility and show respect.

THE PAST YEAR IN CONSTRUCTION

The segment results came to DKK 85 million before interest or 3.2% of revenue. The operating margin was improved in line with expectations. Revenue grew by 16% to DKK 2,674 million

The company's construction activities consist of extending and maintaining society's physical infrastructure, e.g. roads, railways, harbours, bridges, tunnels, wastewater treatment plants, energy supply, water supply, communication lines and technical installations.

The Danish market for infrastructure works has been stable for some time. The need for extending the country's transport systems in the form of roads, railways and harbours has become more significant. The effort is being focused through the establishment of public companies that own certain parts of the overall infrastructure and which work towards security of supply and long-term development, for instance Energinet.dk and Banedanmark as well as a number of land development enterprises and public utility companies. Over the year, we have improved our contact to such new organisations, and we think there are good chances of targeting our effort to cover the needs of these customers.

The Group's position within service and maintenance works was strengthened through increased business from the telecommunication companies and energy companies. Within the railway technical area, there was a significant activity within operational projects as well as major railway constructions. The track renewal between Copenhagen and Elsinore was one of the major contracts.

The number of medium-sized contracts involving several of the company's disciplines increased over the financial year. For instance a number of site development projects, cofferdams, underground structures in the Copenhagen area, Odense, Aarhus and Aalborg as well as harbour constructions all over Denmark. The activities of the extensive partnering project in Køge were commenced in April and are currently progressing favourably. In June, we entered into a contract for installation of 92 offshore wind turbine foundations in the North Sea.

The foreign activities increased, especially in Sweden with the Citytunnel project in Malmö as well as two other major tunnel projects. Other current, foreign activities comprise one-off projects in Latin America, the Caribbean, Africa and Sri Lanka.

Subsidiaries

The results of Petri & Haugsted as are according to expectations. The company works with major service and framework agreements within energy supply and communication lines as well as service works within the railway technical area.

The results of Wicotec A/S exceed expectations. Wicotec works with technical installations. During the financial year, Wicotec's subsidiary E. Klink A/S acquisitioned the ventilation company Danklima Entreprise A/S. The position as technical contractor, ensuring that all technical installations of a project are performed under one contract, has thus been strengthened.

The results of Dan Jord A/S are significantly above expectations, one of the reasons is a one-off project. Dan Jord's main activities include construction works, landscape gardening, paving works, district heating works and establishment of golf courses as well as football pitches e.g. with artificial grass.

The future

The work on improving the operating margins continues, partly by internal improvements and partly by a continued selective order intake.

The profit before interest in the coming financial year is expected to amount to approx. 3% of revenue, and the level of activity for the coming year is expected to be slightly increasing.

The site in Holma, southern Malmö. Here the tunnel boring machines started and here materials are transported to and from the boring work.

THE PAST YEAR IN PIPE TECHNOLOGIES

The segment results were DKK 14 million before interest or 1.8% of revenue and significantly below expectations. Revenue grew by 2% to DKK 771 million. Municipal reluctance and pending actions have influenced the results

It was forecasted that the municipalities in Denmark would return to a more normal level of sewer rehabilitation activities gradually over the financial year. However, this did not happen until the end of the year. The reduced level of activity on the Danish market influenced the results negatively. The same applies to the results of a few foreign projects.

Also, expenses relating to the pending actions as a consequence of the termination of the license agreements with Insituform Technologies Inc. (ITI) had a negative influence on the results. We remain of the opinion that ITI's claims against Aarsleff are largely unwarranted. Given the circumstances and a certain risk attached to the proceedings, we have made estimated provisions. ITI and Aarsleff each own 50% of the German pipe rehabilitation company, and Aarsleff has a 25% owner's share of the UK-based liner manufacturing company. The pending actions complicate the development of these companies, and we are working to find a solution.

The activities within the housing and industry sectors are still progressing positively, and over the financial year, we entered into new municipal annual contracts with savings potentials that will be shared between the contractor and the customer according to the partnering concept.

In the factory in Hasselager, the development work still focuses on implementation of new material components and usage of new curing methods.

In Latvia, we were awarded new contracts within water treatment and wastewater treatment during the financial year under review, and the first actual pipe rehabilitation projects were completed. In Russia, the principal activities are now located around Moscow. A production plant for glass-fibre reinforced pipe segments for internal lining of large sewer pipes was inaugurated, and the production is in full swing.

Subsidiaries
In Sweden, the results are better than forecasted, one of the reasons is a couple of one-off projects. But also within the usual business areas, there is a sound development.

Finland had an exceptionally good year, as major pipeline rehabilitation projects were carried out in Helsinki.

In Poland, the contracts are changing towards larger, more extensive and complex works. The organisation is adapting to the new conditions, e.g. by qualifying for working under international contract conditions and by cooperating with local companies that are able to carry out complementary project parts. The results are better than forecasted.

In Germany, there was an unexpected decline in the level of activity and in the results of the 50% owned company. The market for rehabilitation of minor pipeline diameters is a still more important factor. At year end, there are signs that the market is rallying.

The Italian company generated a loss but is expected to improve, and on Taiwan, there was a small profit.

The future
Provided that the procedure of the actions brought by ITI is not postponed again, the significant parts are expected to be settled in the middle of the summer of 2008.

Pipe Technologies continues to enhance the efforts of increasing revenue and earnings on both the Danish market and abroad.

In the coming financial year, an increasing level of activity is forecasted. The profit before interest is expected to amount to approx. 3%.

In Lindved near Odense, Aarsleff renovated two kilometres of wastewater pipe in only four stretches. The longest is a record-breaking stretch of 810 metres.

THE PAST YEAR IN PILING

The segment results were DKK 87 million before interest which corresponds to 10.3% of revenue. The results were significantly above expectations. The high level of investment in manufacturing facilities and special geotechnical equipment continues

Revenue grew by 18% to DKK 844 million, and the segment results of DKK 87 million are significantly above expectations. The good results are especially the outcome of a positive development of the foreign subsidiaries, among these the subsidiaries in England and Poland, but also the Danish activities were favoured by a high level of activity within foundation works.

As a result of the demand for well situated homes, most local authorities have long-term plans for development of central urban areas. In this connection, our services within special geotechnical works are much requested. New methods for establishment of retaining walls for deep foundations are currently being introduced. These methods use boring instead of driving to a higher degree. The division made investments in equipment for installation of bored pile walls and successfully applied a new technology for installation of pile walls on a big cofferdam project in Aalborg.

The extension of the metro in Copenhagen with a new city ring line was launched, and together with GEO we are responsible for carrying out the preliminary geotechnical investigations.

The pile factory in Vejle had a high capacity utilisation, and the new casting system that was taken into use last year proved to be successful.

Subsidiaries

In England, Aarsleff Piling has seen a prolonged period of growth in revenue as well as in results. With a view to further developing the company's position, an investment programme of approx. DKK 50 million will be implemented for extension of the production capacity and implementation of increased mechanisation in the manufacturing process. The investments will be implemented during 2008. The market is forecasted to remain unchanged during the next couple of years. The results of 2006/2007 is better than expected.

In Poland, we invested in a new pile factory two years ago, and the timing turned out to be absolutely right. The activities are clearly growing, and we are now the leading operator within pile driving where we are replacing other foundation methods to an increasing extent. Also, within our specialised field of railway electrification we saw an increase in employment. The results are significantly better than forecasted.

In Sweden, the work is focused around the area of Gothenburg. The Swedish company receives piles from the factory in Vejle and has been burdened by rising transport costs. The activity level is increasing. The results largely correspond to expectations.

The German company is going through a sound and stable development. The results are slightly above expectations.

The future

In the coming financial year, we forecast a higher level of sales as a result of a complete integration of work between Construction and Piling on several significant projects. We anticipate stable growth in all subsidiaries. The activities within industrial pile driving in Denmark are expected to remain unchanged.

The coming year will be characterised by significant investments in manufacturing facilities in England and Poland, and the experience from the factory in Vejle will be used.

The profit before interest in the coming financial year is forecasted to amount to approx. 7-8% of revenue.

In Fruges, northern France, Aarsleff's German foundation company made pile foundations for eight wind turbines in a new, large wind farm.

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 2007 it 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 Aarsleff's Fund.

Shareholders as at 19 December 2007 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 19 December 2007, the members of the Board of Directors held a total of 5,765 shares.

As at 19 December 2007, 2,039 shareholders had been registered, which equals approx. 71% 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 as at 30 September 2007 is DKK 150.7 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 1,593 million on 30 September 2007.

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
Forlaget Commodore ApS, Hellerup	217,215	9.59	6.61
Per og Lise Aarsleffs Fond, Åbyhøj – A shares	135,000	5.96	41.11
Per og Lise Aarsleffs Fond, Åbyhøj – B shares	10,544	0.47	0.32
Treasury shares	195,808	8.64	

Stock exchange announcements

18	December 2006	Preliminary announcement of the Financial Statements for 2005/2006
26	January 2007	Approval by the Annual General Meeting of the Financial Statements for 2005/2006
27	February 2007	Preliminary announcement of the Financial Statements for Q1 of 2006/2007
2	April 2007	Aarsleff and Køge municipality enter into partnering contract
30	May 2007	Preliminary announcement of the Financial Statements for H1 of 2006/2007
29	June 2007	Aarsleff to execute foundations for the offshore wind farm, Horns Rev 2
28	August 2007	Preliminary announcement of the Financial Statements for Q3 of 2006/2007
18	September 2007	Aarsleff sells pipe coating factory
15	October 2007	Aarsleff to build quay on St. Maarten in the Caribbean
19	December 2007	Preliminary announcement of the Financial Statements for 2006/2007

Financial calendar

30	January 2008	Annual General Meeting is held at the Group headquarters, Lokesvej 15, Åbyhøj, at 15:00
5	February 2008	Dividend paid to shareholders
28	February 2008	Preliminary announcement of the Financial Statements for Q1 of 2007/2008
23	May 2008	Preliminary announcement of the Financial Statements for H1 of 2007/2008
28	August 2008	Preliminary announcement of the Financial Statements for Q3 of 2007/2008
19	December 2008	Preliminary announcement of the Financial Statements for 2007/2008

CORPORATE GOVERNANCE IN AARSLEFF

Aarsleff's Board of Directors and Executive Management attach great importance to good corporate governance. With few exceptions, the Management has therefore decided to follow the recommendations of the Copenhagen Stock Exchange on good corporate governance.

Relations to shareholders
Aarsleff was founded in 1947, and revenue as well as profit have been growing steadily ever since. The company was introduced to the Copenhagen Stock Exchange in 1984. Subsequently, the share capital has been further 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, the results of which are reflected in the positive development of the company.

The supreme authority of the company is vested in the General Meeting. The Board of Directors convenes the shareholders to the General Meeting with sufficient notice. The convening notice also contains information about the items on the agenda.

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.

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. Aarsleff's Code of Conduct can be accessed on Aarsleff's homepage – www.aarsleff.com.

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 principles and rules have 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.

Openness and transparency
Aarsleff has established an Investor Relations Policy for the communication of information to shareholders, investors and partners. The 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 – contains elaborating information on the business areas of the Group as well as on the financial situation in Danish and in English.

Tasks and responsibilities of the 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 Executive Management on a current basis.

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

A Committee has been established with the purpose of keeping contact to the Company's auditor and preparing audit engagement letters, engaging in nominations for the Board of Directors and remuneration to the Board of Directors and the Executive Management.

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 Executive Management to the Board of Directors as well as for the communication between the Board of Directors and the Executive Management.

Composition of the Board of Directors

The Board of Directors consists of four external board members, elected by the General Meeting for one year at a time. In addition, there are currently three board members elected by the staff for a four-year term.

The Board of Directors carries out a self-assessment process once a year along with an annual evaluation of the Executive Management's work and the cooperation between the Executive Management and the Board of Directors.

The competences represented in the Board of Directors have been described. In the procedures for recommendation of new candidates to the Board of Directors, we try to safeguard the principle of representing all important competences so that the Board can continue to carry out its work in the best possible way.

In the business procedure the company has established an age limit for the work of the board members of the company. Board members cannot be elected or re-elected after the year they turn 70.

Remuneration of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management receive a fixed annual remuneration which is stated in the annual report.

The specific employment terms of the Executive Management are assessed annually by the Committee established for this purpose to ensure that the terms are in accordance with market practice and that they are a reflection of the efforts required by the Executive Management.

No incentive programmes have been established for the Board of Directors, the Executive Management or other executive employees. The Group has no share option schemes or similar. The section on shareholder information in the Annual Report contains information on the Board of Directors' total holding of shares in the company, but the Board of Directors does not consider it useful to disclose information on individual members' holdings.

No extraordinary redundancy schemes or other agreements imposing extraordinary obligations on the company have been made with the Board of Directors, the Executive Management or other executive employees.

The policy on remuneration of the Board of Directors and the Executive Management has not been changed as compared to the last financial year and is not expected to be changed in this present financial year or the coming financial year.

The company has not, in accordance with the recommendations, specified the remuneration to the individual board members or the remuneration to the individual members of the Executive Management, as the Board of Directors does not find such specification relevant and appropriate.

Risk management

The Annual Report includes separate information on the most significant commercial and financial risks that may affect the company.

Audit

For the audit of the Annual Report, the General Meeting of the company elects one state authorized public accountant for a period of one year, following a recommendation from the Board of Directors.

Prior to the recommendation, the Board of Directors performs an assessment of the auditor's competence and independence.

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 joint venture 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 cooperate 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 and 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 2007, Group interest-bearing liabilities and interest-bearing assets totalled approx. DKK 335 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

The foundation of Aarsleff's organisation is versatile civil engineering and contracting competences, combined with an organisation and common contractor's culture that create a platform for exploitation of the synergy potential across the Group.

We continue to focus on the development of the project manager within one-off projects and service contracts as well as on the development of employees and project managers with special competences.

The project manager on one-off projects vouches for the quality and is responsible to the customer. In addition, he is responsible for the technology, economy, time, coordination and cooperation from commencement to completion of the project. We call it the total responsibility of the project manager. We wish to continuously develop a number of highly qualified project managers with general competences for international projects.

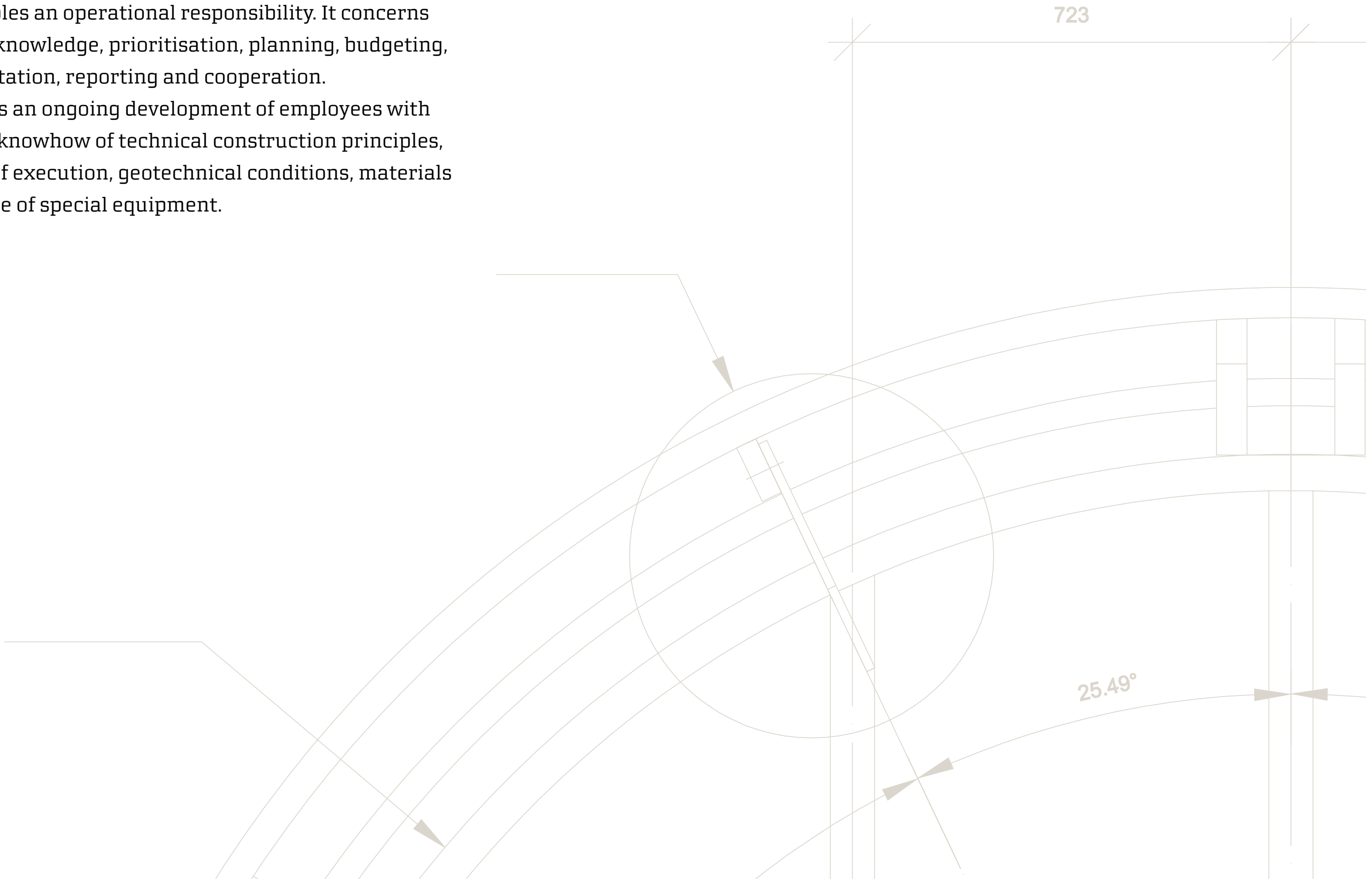
The project manager on service contracts or framework agreements, which typically run for several years, also holds a total responsibility. This type of responsibility resembles an operational responsibility. It concerns technical knowledge, prioritisation, planning, budgeting, implementation, reporting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

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.

Within foundation, we utilise our knowledge from international activities by exchanging experience and cooperating across the organisations of the individual subsidiaries – both within foundation activities and manufacturing of concrete piles.

Employees with specialist knowledge of trenchless pipe renewals at an international level go through a current development, regarding professional sales and technical competences which enable us to maintain our own product and method development.

With the purpose of enhancing our opportunities to attract skilled employees and create the right and targeted development of the individual employee, we have established an HR function that offers support and competences to the divisions.



QUALITY, WORKING ENVIRONMENT AND EXTERNAL ENVIRONMENT

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

The goal to achieve a reduction in the number of accidents in 2007 was not met. Nor was the goal to be below par with the business.

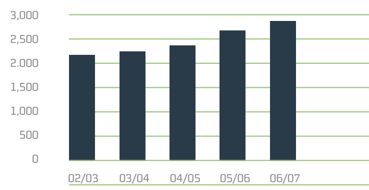
In order to meet the goals in 2008, independent organisational areas of responsibility have been established with focus on quality and working environment in the parent company.

A common occupational health and safety certification for Per Aarsleff A/S will be prepared with the purpose of making sure that our working environment efforts are going in the right direction and that we maintain the focus on safety and a good working environment on our projects and in our offices. We want to strengthen the focus on current improvements of the working environment. The goal is to obtain an OHSAS 18001 certification before the end of 2008. The certification will involve all activities of Per Aarsleff A/S in Denmark. Also, the two Swedish subsidiaries Aarsleff Bygg- och Anläggnings AB and Aarsleff Grundläggnings AB have decided to become working environment certified.

In 2007, Centrum Pæle A/S obtained a CE marking in accordance with the new product requirements for piles which will become effective on 1 January 2008. The pile factory in England also obtained this approval while the pile factory in Poland is in the process of being approved.

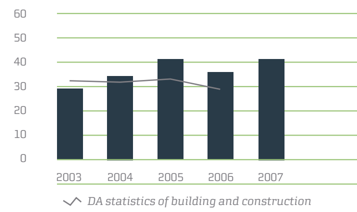
In 2007, Wicotec A/S was certified according to the DS/OHSAS 18001 standard and the Danish Working Environment Service order no. 87:2005. Hence, the company has become certified within quality (DS/ISO 9001), environment (DS/ISO 14001) and working environment.

NUMBER OF EMPLOYEES



ACCIDENTS PER MILLION MAN-HOURS

Based on reports at 19 December 2007



POSITIONS HELD BY THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

EXECUTIVE MANAGEMENT

B.Sc. Eng. (hon). Ebbe Malte Iversen, 56 years old
Dansk Byggeris Eksportsektion (Chairman)
Nordhavn A/S
European Internal Contractors

B.Sc. Eng. Lars M. Carlsen, 46 years old
No external managerial posts

BOARD OF DIRECTORS

B.Sc. Eng. Palle Svejstrup, Chairman, 68 years old
Ege Tæpper A/S (Chairman)
Aarhuus Stiftsbogtrykkeries Fond (Chairman)
Campinggården A/S (Chairman)

State Authorized Public Accountant, *practising certificate held in custody by FSR (the Danish Institute of State Authorized Public Accountants),* **Niels S. Møller, Deputy Chairman, 63 years old**
Erik Dam Holding A/S (Chairman)
Erik Dam A/S (Chairman)
Aarhuus Stiftsbogtrykkeries Fond

Manager Jens Bigum, 69 years old
Aarhus Universitet (Chairman)
Carlsberg Breweries A/S (Chairman)
Carlsberg A/S (Deputy Chairman)
Toms Gruppen A/S (Chairman)
Gerda og Victor B. Strands Fond
Baltic Beverages Holding AB

Attorney Carsten Fode, 58 years old
AVK Holding A/S (Chairman)
AVK Gummi A/S
Orifarm A/S
Good Food Group A/S
Carl Hansen & Søn Møbelfabrik A/S (Chairman)
Chris-Invest A/S
BCA Auto Auktion A/S
CICO Invest A/S
Dansk Bygningsanalyse A/S (Chairman)
DMS Invest A/S (Chairman)
Global Green Energy A/S
Meinertz A/S (Chairman)
Redgreen A/S (Chairman)
Silentor A/S (Chairman)
A/S 48
5. MAJ A/S

Foreman Leif Endersen (staff-elected), 44 years old
No external managerial posts

Engineering worker Torben Gadegaard (staff-elected), 42 years old
No external managerial posts

Chief Estimator Jens M. Jørgensen (staff-elected), 59 years old
No external managerial posts

From the left: Palle Svejstrup, Ebbe Malte Iversen and Lars M. Carlsen.

ENDORSEMENTS

STATEMENT BY THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

Today, the Board of Directors and Executive Management have discussed and approved the Annual Report of Per Aarsleff A/S for 2006/2007.

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 used to be appropriate. Accordingly, the Annual Report gives a true and fair view of the financial position at 30 September 2007 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 2006-30 September 2007.

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

Aarhus, 19 December 2007

Executive Management

Ebbe Malte Iversen
Lars M. Carlsen

Board of Directors

Palle Svejstrup
Niels S. Møller
Jens Bigum
Carsten Fode
Leif Endersen
Torben Gadegaard
Jens M. Jørgensen

INDEPENDENT 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 2006-30 September 2007, pages 19-85, which comprises Management's Statement, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statements and notes for the Group as well as for the Parent Company.

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

Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish and international Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the financial position at 30 September 2007 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 2006-30 September 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Aarhus, 19 December 2007

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Niels Jørgen Lodahl
State Authorized
Public Accountant

Claus Lindholm Jacobsen
State Authorized
Public Accountant

Moving earth at Dansand in Addit.

New jetty, Port of Skagen.

Motorway roundabout, north of Aarhus.

Station Triangeln, Malmö.

Stensballegaard Golf Centre at Horsens.

ACCOUNTING POLICIES

Basis of accounting

The Annual Report of Per Aarsleff A/S for 2006/2007, 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. In addition, the Annual Report complies with the International Financial Reporting Standards (IFRS) issued by the 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.

The accounting policies are unchanged from last year.

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. On acquisition, goodwill is transferred to the cash-generating units, subsequently forming the basis of an impairment test. 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

Lease contracts whereby the Group bears substantially all the risks and rewards of ownership are treated as finance leases. Other lease contracts are treated as operating lease contracts. 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.

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.

ACCOUNTING POLICIES

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 the administration 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.

The basis of depreciation is determined in consideration of the scrap value of the asset and is reduced by any impairment losses. 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 indefinite 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.

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 provisions for bad and doubtful debts.

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.

ACCOUNTING POLICIES

Reserve for foreign currency translation adjustment
The reserve for foreign currency translation adjustment in the Consolidated Financial Statements comprises exchange differences 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
As the administration 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.

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 RATIOS

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33.

Other financial ratios have been prepared in accordance with the "Recommendations and financial ratios of the Danish Society of Investment Professionals 2005".

Definition of financial ratios

$$\text{Gross margin ratio} = \frac{\text{Gross profit}}{\text{Revenue}}$$

$$\text{Profit margin (EBIT margin)} = \frac{\text{Profit before interest and tax}}{\text{Revenue}}$$

$$\text{Operating margin (before tax)} = \frac{\text{Profit before tax}}{\text{Revenue}}$$

$$\text{Return on invested capital (ROIC)} = \frac{\text{EBIT}}{\text{Average invested capital including goodwill}}$$

$$\text{Return on equity (ROE)} = \frac{\text{Profit for the year}}{\text{Average equity}}$$

$$\text{Equity interest} = \frac{\text{Equity, at year-end}}{\text{Total liabilities and equity, at year-end}}$$

$$\text{Earnings per share (EPS)} = \frac{\text{Parent Company share of profit for the year}}{\text{Average number of shares in circulation}}$$

FINANCIAL REVIEW

The Annual Report of Per Aarsleff A/S for 2006/2007, 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 adapted 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. In addition, the Annual Report complies with the International Financial Reporting Standards issued by the IASB.

Income statement

Consolidated revenue for 2006/2007 grew by DKK 507 million or 13.4% from DKK 3,782 million to DKK 4,289 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 365 million or 15.4% from DKK 2,368 million to DKK 2,733 million. Work performed abroad increased by DKK 142 million or by 10% from DKK 1,414 million to DKK 1,556 million 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 3,329 million to DKK 3,744 million or by DKK 415 million corresponding to 12.5%. The gross profit increased by DKK 92 million.

Administrative expenses and selling costs increased from DKK 346 million to DKK 383 million or by DKK 37 million corresponding to approx. 10.6%. Other operating income and expenses grew from DKK 8 million last year to DKK 14.4 million or by DKK 6.4 million. The item mainly concerns a profit from the sale of a concrete coating factory in Esbjerg and the sale of land.

Profit on primary operations came to a positive DKK 175.7 million against DKK 114 million last year or an improvement of DKK 61.7 million.

Share of profit after tax in associates decreased from DKK 13.2 million last year to DKK 10.4 million this year.

Financials, net is an income of DKK 0.8 million compared to a net expense of DKK 16.9 million last year. The amount for the year includes an extraordinary interest income of DKK 20 million from corrections of tax assessments of previous years.

The profit before tax is DKK 186.9 million against DKK 110.2 million last year.

Tax on the profit for the year amounts to DKK 38.9 million, corresponding to a tax rate of approx. 21%. Tax for the year is influenced considerably by a reduction of the corporate tax rate from 28% to 25% as well as by non-taxable interest income. Tax for the year consists of a current tax expense of DKK 30.5 million and a tax expense of DKK 8.4 million in the form of adjustments 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 148 million after tax against DKK 92.7 million last year.

Balance sheet

The consolidated balance sheet total amounts to DKK 2,727 million at 30 September 2007. This corresponds to an increase of DKK 287 million compared to the DKK 2,440 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 53 million and to inventory and receivables by a total of DKK 202 million. Cash increased by DKK 31 million.

Over the financial year, the consolidated interest-bearing debt less assets decreased from DKK 394 million to DKK 335 million or by DKK 59 million.

Equity amounts to DKK 1,050 million at 30 September 2007 against DKK 912 million at the end of the previous financial year.

Equity, DKK million	**2006/2007**	**2005/2006**
Equity at the beginning of the year	912	825
Dividend paid	-10	-5
Translation adjustment of investments in foreign subsidiaries and associates	0	-1
Transferred from the profit of the year	148	93
Equity at year-end	1,050	912

Cash flow statement

Cash flows from operating activities amount to DKK 240 million against DKK 118 million last year or an increase of DKK 122 million.

Cash flows from investment activities amounted to DKK 172 million in the financial year against DKK 282 million last year.

Cash flows from financing activities have been negative at DKK 12 million against a positive amount of DKK 79 million last year as a consequence of raising long-term loans.

The change in liquidity for the year thus constitutes a positive amount of DKK 56 million.

INCOME STATEMENT

1/10-30/9

Note	(DKK '000)	GROUP 2006/2007	GROUP 2005/2006	PARENT COMPANY 2006/2007	PARENT COMPANY 2005/2006
4	**Revenue**	**4,288,556**	**3,781,589**	**2,428,869**	**2,272,550**
5, 6	Production costs	-3,744,405	-3,329,436	-2,211,486	-2,059,474
	Gross profit	**544,151**	**452,153**	**217,383**	**213,076**
5-7	Administrative expenses and selling costs	-382,845	-346,136	-195,845	-176,548
5, 8	Other operating income and expenses	14,394	7,950	11,366	416
	Profit on primary operations	**175,700**	**113,967**	**32,904**	**36,944**
13	Share of profit after tax in associates	10,422	13,153		
	Profit before interest	**186,122**	**127,120**	**32,904**	**36,944**
9	Financials, net	806	-16,914	10,045	-5,131
	Profit before tax	**186,928**	**110,206**	**42,949**	**31,813**
10	Tax on the profit for the year	-38,897	-17,501	-11,327	1,146
	Profit for the year	**148,031**	**92,705**	**31,622**	**32,959**
	The profit for the year accrues in full to the shareholders of Per Aarsleff A/S.				
	Proposal for profit sharing				
	Dividend to shareholders			10,872	10,872
	Transferred from the profit for the year			20,750	22,087
	In total			**31,622**	**32,959**
11	**Earnings per share (DKK)**				
	Earnings per share	71.5	44.8	15.3	15.9
	Diluted earnings per share	71.5	44.8	15.3	15.9

BALANCE SHEET

ASSETS

Note	(DKK '000)	GROUP 30/9 2007	GROUP 30/9 2006	PARENT COMPANY 30/9 2007	PARENT COMPANY 30/9 2006
	Goodwill	44,703	36,745	1,116	1,116
	Patents and other intangible assets	6,879	6,356	2,204	2,894
12	**Intangible assets**	**51,582**	**43,101**	**3,320**	**4,010**
	Land and buildings	325,484	306,786	191,748	171,202
	Plant and machinery	524,346	510,177	282,477	303,023
	Other plant, fixtures and operating equipment	39,331	35,358	7,072	8,450
	Property, plant and equipment in progress	19,264	22,058	6,681	18,407
12	**Property, plant and equipment**	**908,425**	**874,379**	**487,978**	**501,082**
13	Investments in subsidiaries			262,684	230,432
13	Investments in associates	91,648	83,467	48,394	48,395
	Accounts receivable from subsidiaries			1,525	6,913
	Accounts receivable from associates	7	1,499	7	1,499
	Other financial assets	467	859	1	337
10	Deferred tax	7,812	3,508	0	0
	Other long-term assets	**99,934**	**89,333**	**312,611**	**287,576**
	Long-term assets	**1,059,941**	**1,006,813**	**803,909**	**792,668**
14	**Inventories**	**131,213**	**106,642**	**34,880**	**34,616**
	Contracting debtors	1,072,577	862,906	566,123	432,932
15	Work in progress	197,100	236,664	105,214	164,633
	Accounts receivable from subsidiaries			150,397	104,541
	Accounts receivable from associates	5,772	7,832	5,772	7,832
	Other accounts receivable	40,773	30,564	32,744	27,039
	Corporation tax receivable	6,254	7,326	0	1,353
	Prepayments	11,685	11,039	418	1,333
16	**Receivables**	**1,334,161**	**1,156,331**	**860,668**	**739,663**
	Cash	**201,248**	**170,239**	**167,816**	**153,157**
	Short-term assets	**1,666,622**	**1,433,212**	**1,063,364**	**927,436**
	Total assets	**2,726,563**	**2,440,025**	**1,867,273**	**1,720,104**

LIABILITIES AND EQUITY

Note	(DKK '000)	GROUP 30/9 2007	GROUP 30/9 2006	PARENT COMPANY 30/9 2007	PARENT COMPANY 30/9 2006
	Share capital	45,300	45,300	45,300	45,300
	Reserve for foreign currency translation adjustment	4,565	4,432		
	Hedging reserve	-393	7	-393	7
	Deferred income	989,635	851,529	603,195	581,503
	Proposed dividend	10,872	10,872	10,872	10,872
17	**Equity**	**1,049,979**	**912,140**	**658,974**	**637,682**
18	Mortgage debt	145,700	147,119	109,352	109,320
18	Credit institutions	26,744	27,080	26,090	26,102
19	Provisions	84,537	40,931	73,819	36,024
	Other debt	506	1,924	0	0
10	Deferred tax	105,043	98,152	43,743	50,490
	Non-current liabilities	**362,530**	**315,206**	**253,004**	**221,936**
18	Mortgage debt	1,485	1,464	0	0
18	Credit institutions	361,788	386,644	242,629	281,215
15	Work in progress	187,944	175,597	150,591	154,080
19	Provisions	10,271	8,921	10,271	8,921
	Trade payables	492,603	408,689	305,449	226,581
	Amounts owed to subsidiaries			110,078	78,725
	Amounts owed to associates	0	123	0	123
	Corporation tax payable	28,269	11,820	12,893	0
	Other debt	231,694	219,421	123,384	110,841
	Current liabilities	**1,314,054**	**1,212,679**	**955,295**	**860,486**
	Total liabilities	**1,676,584**	**1,527,885**	**1,208,299**	**1,082,422**
	Total liabilities and equity	**2,726,563**	**2,440,025**	**1,867,273**	**1,720,104**

Notes without reference:

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

CASH FLOW STATEMENT

1/10-30/9

Note	(DKK '000)	GROUP 2006/2007	GROUP 2005/2006	PARENT COMPANY 2006/2007	PARENT COMPANY 2005/2006
	Cash flow from operating activities				
	Profit before interest	186,122	127,120	32,904	36,944
	Depreciation, amortisation and impairment loss	149,813	134,811	80,561	78,076
23	Other adjustments	19,708	-10,135	31,345	11,874
24	Change in working capital	-97,569	-100,413	-1,847	-90,257
	Cash flow from operating activities before financials and tax	**258,074**	**151,383**	**142,963**	**36,637**
	Interest received	26,639	2,850	19,207	2,321
	Interest paid	-25,833	-19,764	-14,219	-13,744
	Cash flow from ordinary activities	**258,880**	**134,469**	**147,951**	**25,214**
	Paid corporation tax	-19,027	-16,779	-3,828	-6,514
	Cash flow from operating activities	**239,853**	**117,690**	**144,123**	**18,700**
	Cash flow from investing activities				
26	Investments in subsidiaries	-9,007	-53,928	-32,252	-21,050
	Investments in property, plant and equipment	-279,043	-248,325	-156,190	-119,943
	Investments in intangible assets	-168	-392	0	0
	Investments in other non-current assets	1,870	-3,680	0	-3,000
	Sale of property, plant and equipment	112,140	24,857	97,223	6,067
	Sale of other financial assets	359	800	359	733
	Loan repayment subsidiaries			3,170	2,178
	Loans to associates	1,702	-1,564	1,491	-1,492
	Dividends from subsidiaries and associates	494	0	5,252	6,292
	Cash flow from investing activities	**-171,653**	**-282,232**	**-80,947**	**-130,215**
	Cash flow from financing activities				
	Raising of long-term debt	0	84,909	0	57,860
	Repayment and reduction of long-term debt	-2,403	-1,284	0	0
	Dividend paid	-9,932	-4,966	-9,932	-4,966
	Cash flow from financing activities	**-12,335**	**78,659**	**-9,932**	**52,894**
	Change in liquidity for the year	**55,865**	**-85,883**	**53,244**	**-58,621**
	Opening liquidity	-216,405	-130,522	-128,058	-69,437
	Change in liquidity for the year	55,865	-85,883	53,244	-58,621
25	**Closing liquidity**	**-160,540**	**-216,405**	**-74,814**	**-128,058**

STATEMENT OF CHANGES IN EQUITY

GROUP

(DKK '000)	A shares	Share capital B shares	Reserve for foreign currency translation adjustment	Hedging reserve	Deferred income	Proposed dividend	In total
Equity at 1 October 2005	2,700	42,600	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	0	-1,427	459	-30	0	-998
Profit for the year					81,833	10,872	92,705
Total comprehensive income	**0**	**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**	**0**	**-1,427**	**459**	**82,273**	**5,436**	**86,741**
Equity at 30 September 2006	**2,700**	**42,600**	**4,432**	**7**	**851,529**	**10,872**	**912,140**
Change in equity 2006/2007							
Foreign currency translation adjustment of foreign companies			133		5		138
Translation adjustment concerning derivative financial instruments				-400			-400
Net gain/loss recognised directly in equity	0	0	133	-400	5	0	-262
Profit for the year					137,159	10,872	148,031
Total comprehensive income	**0**	**0**	**133**	**-400**	**137,164**	**10,872**	**147,769**
Dividend paid						-10,872	-10,872
Dividend, treasury shares					942		942
Total change in equity in 2006/2007	**0**	**0**	**133**	**-400**	**138,106**	**0**	**137,839**
Equity at 30 September 2007	**2,700**	**42,600**	**4,565**	**-393**	**989,635**	**10,872**	**1,049,979**

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

(DKK '000)	A shares	Share capital B shares	Hedging reserve	Deferred income	Proposed dividend	In total
Equity at 1 October 2005	2,700	42,600	-452	558,946	5,436	609,230
Change in equity 2005/2006						
Translation adjustment concerning derivative financial instruments			459			459
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	**2,700**	**42,600**	**7**	**581,503**	**10,872**	**637,682**
Change in equity 2006/2007						
Translation adjustment concerning derivative financial instruments			-400			-400
Net gain/loss recognised directly in equity	0	0	-400	0	0	-400
Profit for the year				20,750	10,872	31,622
Total comprehensive income	**0**	**0**	**-400**	**20,750**	**10,872**	**31,222**
Dividend paid					-10,872	-10,872
Dividend, treasury shares				942		942
Total change in equity in 2006/2007	**0**	**0**	**-400**	**21,692**	**0**	**21,292**
Equity at 30 September 2007	**2,700**	**42,600**	**-393**	**603,195**	**10,872**	**658,974**

There are no restrictions on the equity.
The share premium account of DKK 177.8 million has been transferred to retained earnings.

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 32.

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.

The Management has assessed that in connection with the financial reporting for the year 2006/2007 with comparative figures for 2005/2006 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 standards and interpretations**

In the Annual Report for 2006/2007, Per Aarsleff A/S has adopted all new and revised standards and interpretations that are relevant to the Group, approved by the EU and effective for this accounting period.

The following standards and interpretations have been adopted:

IAS 19 "Employee benefits"
The change allows for actuarial gains and losses from defined benefit plans to be recognised directly in equity.

IAS 21 "Foreign currency translation"
As a result of the change, foreign exchange gains and losses concerning balances between the Parent Company and the subsidiaries, which are to be considered as part of the net investment, shall be recognised directly in equity instead of in the income statement.

IAS 39 "Financial instruments: Recognition and measurement"
The accounting treatment of financial guarantees has been changed. The option to designate certain financial instruments to the category "fair value through income statement" has become restricted. Also, it has again become possible to use intercompany hedging under certain conditions.

IFRIC 4 "Determining whether an arrangement contains a lease"
Assessment of whether an agreement contains a lease rather than being a service agreement.

IFRIC 5 "Rights to interest arising from decommissioning, restoration and environmental rehabilitation funds"
The interpretation concerns obligations concerning restoration funds.

IFRIC 7 "Applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies"
The interpretation concerns use of IAS 29 on inflation-adjusted financial statements.

IFRIC 8 "Scope of IFRS 2"
The interpretation concerns the definition of arrangements comprised by IFRS 2 on share-based payment.

Note

2 **New accounting standards and interpretations (continued)**

IFRIC 9 "Reassessment of embedded derivatives"
The interpretation concerns assessment of contracts regarding separation of derivative financial instruments.

The above changes have had no influence on the Annual Report.

The following standards and interpretations have been adopted by the IASB and approved by the EU but have not yet become effective and have thus not yet been implemented:

IAS 1 "Presentation of financial statements"
The change concerns information on the capital structure. The standard requires further information on the financial resources of the Company etc.

IFRS 7 "Financial instruments: Disclosure"
The standard is a disclosure standard that extends and replaces the IAS 32 rules on disclosure concerning financial instruments. The implementation of the standard is expected to influence the information on financial instruments contained in the current Annual Report. The standard will have no influence on equity and results.

IFRS 8 "Operating segments"
The standard will cause future segment information to be based on the Company's financial management reporting. The standard is not expected to influence the Group's segment reporting significantly.

IFRIC 10 "Interim financial reporting and impairment"
The interpretation concludes that write-down relating to goodwill in interim financial reports cannot be reversed in the Annual Report. The interpretation is not expected to have influence on the Group's equity and results.

IFRIC 11 "IFRS 2 – Group and treasury share transactions"
The interpretation concerns share-based payment in the Group. As the Group at present has no share-based payment, the interpretation is not expected to be of influence.

Furthermore, the IASB has issued the following new interpretation still not adopted by the EU:

IAS 1 "Presentation of financial statements"
The standard provides the option of presenting a new income statement and contains requirements to the presentation of a statement of comprehensive income. Besides a change in options and requirements to the presentation, the change has no influence on equity and results.

IAS 23 "Borrowing costs"
The change contains requirements on capitalisation of borrowing costs on qualifying assets. As the change will be implemented prospectively from 2009, the change is only expected to be of influence to the non-current assets that may be initiated or produced from 2009.

IFRIC 12 "Service concession arrangements"
The interpretation concerns rules on taking over of public sector infrastructure assets. The interpretation is not expected to have influence on the Group's equity and results.

IFRIC 13 "Customer loyalty programmes"
The interpretation concerns customer loyalty programmes and is not expected to have influence on the Group's equity and results.

IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction"
The interpretation concerns the limit on the recognition of benefit assets. As the Group at present has no defined benefit plans, the interpretation is expected to have no influence.

NOTES TO THE ANNUAL REPORT

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 subsidiaries and shares of joint ventures. 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 & 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, other financial assets 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	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Segment revenue	2,722	2,342	776	757	881	743	4,379	3,842
Internal revenue	-48	-33	-5	-2	-37	-25	-90	-60
Revenue	2,674	2,309	771	755	844	718	4,289	3,782
Of this figure, work performed abroad	504	469	465	428	587	517	1,556	1,414
Profit on primary operations	85	20	4	37	87	57	176	114
Profit on associates			10	13			10	13
Profit before interest	85	20	14	50	87	57	186	127
Financials, net							1	-17
Profit before tax							187	110
Segment assets	1,271	1,168	588	531	653	562	2,512	2,261
Capital expenditure	51	121	45	59	71	88	167	268
Depreciation	68	68	23	25	59	43	150	136
Investments in associates			92	83			92	83
Goodwill	31	20	7	10	7	7	45	37
Equity at year-end	362	293	330	309	358	310	1,050	912
Segment liabilities	747	609	167	141	93	106	1,007	856
Number of employees:								
Paid every two weeks	1,318	1,261	253	236	368	310	1,939	1,807
Engineers, technicians and administrative staff	476	448	219	210	205	205	900	863
In total	1,794	1,709	472	446	573	515	2,839	2,670

Geographical	**Denmark**		**Abroad**		**Group in total**	
Secondary segment	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Revenue	2,733	2,368	1,556	1,414	4,289	3,782
Segment assets	1,758	1,502	754	759	2,512	2,261
Capital expenditure	116	161	51	107	167	268

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

Note	(DKK '000)	GROUP 2006/2007	GROUP 2005/2006	PARENT COMPANY 2006/2007	PARENT COMPANY 2005/2006
4	**Revenue**				
	Sale of goods	145,050	85,243	0	0
	Income from construction contracts	4,143,506	3,696,346	2,428,869	2,272,550
	In total	**4,288,556**	**3,781,589**	**2,428,869**	**2,272,550**
5	**Depreciation, amortisation and impairment loss**				
	Amortisation, intangible assets	1,652	3,262	469	469
	Depreciation, property, plant and equipment	149,073	132,379	80,092	77,608
	In total	**150,725**	**135,641**	**80,561**	**78,077**
	Depreciation and amortisation are included in the income statement as follows:				
	Production costs	135,407	119,453	73,984	70,642
	Administrative expenses and selling costs	15,155	16,024	6,414	7,271
	Other operating income and expenses	163	164	163	164
	In total	**150,725**	**135,641**	**80,561**	**78,077**
6	**Staff costs**				
	Wages, salaries and remuneration	1,047,418	946,412	526,880	485,739
	Pensions	64,614	61,828	27,927	25,344
	Share-based payment	0	1,441	0	1,441
	Other costs, social security costs etc.	43,751	38,095	15,820	13,394
	In total	**1,155,783**	**1,047,776**	**570,627**	**525,918**
	Of this figure, consideration for:				
	Directors' remuneration	2,000	1,300	2,000	1,300
	Remuneration for the Executive Management	4,744	4,321	4,744	4,321
	Share-based compensation for the Executive Management	0	165	0	165
	In total	**6,744**	**5,786**	**6,744**	**5,786**
	Average number of full-time employees	2,839	2,670	1,254	1,209

Note

6 **Staff costs (continued)**

The Executive Management and executive employees of the Company have exercised the remaining share options in the financial year 2005/2006. 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 Executive Management and executive employees of the Company.

Share options	Executive 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 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**
Outstanding at 30 September 2007	**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 1 October 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.

Note	(DKK '000)	GROUP 2006/2007	GROUP 2005/2006	PARENT COMPANY 2006/2007	PARENT COMPANY 2005/2006
7	**Remuneration for the auditors appointed by the General Meeting**				
	PricewaterhouseCoopers	3,085	2,896	2,016	1,942
	Other auditors	1,177	644	0	10
	In total	**4,262**	**3,540**	**2,016**	**1,952**
	Of this figure, other services than audit:				
	PricewaterhouseCoopers	1,451	1,419	1,197	1,143
	Other auditors	235	153	0	10
	In total	**1,686**	**1,572**	**1,197**	**1,153**
8	**Other operating income and expenses**				
	Other operating income	14,684	8,161	11,656	627
	Other operating expenses	-290	-211	-290	-211
	In total	**14,394**	**7,950**	**11,366**	**416**
	Profit from the sale of land	2,486	7,420	0	0
	Profit from the sale of concrete coating factory	11,014	0	11,014	0
9	**Financials, net**				
	Bond yields	34	21	0	0
	Interest regarding subsidiaries			772	1,711
	Interest regarding associates	300	369	300	369
	Other interest income	6,173	2,460	317	241
	Interests from excess tax payments	20,132	0	17,823	0
	Dividend from subsidiaries			4,758	6,292
	Dividend from associates			294	0
	Finance income	**26,639**	**2,850**	**24,264**	**8,613**
	Capital loss on other financial assets	34	56	0	52
	Foreign exchange losses	647	659	526	269
	Mortgage interest	5,648	4,284	4,064	2,890
	Interest regarding subsidiaries			810	347
	Other interest costs	19,504	14,765	8,819	10,186
	Finance costs	**25,833**	**19,764**	**14,219**	**13,744**
	In total	**806**	**-16,914**	**10,045**	**-5,131**

NOTES TO THE ANNUAL REPORT

Note	(DKK '000)	GROUP 2006/2007	GROUP 2005/2006	PARENT COMPANY 2006/2007	PARENT COMPANY 2005/2006
10	**Corporation tax**				
	Tax on the profit for the year can be split as follows:				
	Tax on the profit for the year	38,897	17,501	11,327	-1,146
	In total	**38,897**	**17,501**	**11,327**	**-1,146**
	Tax on the profit for the year results from:				
	Current tax	30,478	16,678	13,549	520
	Adjustment of deferred tax as a consequence of a change in the Danish corporation tax rate from 28% to 25%	-8,955	0	-4,925	0
	Adjustment of deferred tax and deferred tax asset for the year	17,374	823	2,703	-1,666
	In total	**38,897**	**17,501**	**11,327**	**-1,146**
	Tax on the profit for the year can be explained as follows:				
	25% tax calculated on the profit before tax	46,732	30,858	10,737	8,908
	Tax impact of:				
	Income from abroad	8,315	-5,033	8,315	-5,033
	Deviation concerning subsidiaries	-2,547	-1,305	-758	-1,762
	Deviation concerning associates	-2,606	-3,683	0	0
	Adjustment of deferred tax as a consequence of a change in the Danish corporation tax rate from 28% to 25%	-8,955	0	-4,925	0
	Adjustment of tax regarding prior years	2,457	-115	2,802	-115
	Other items	-4,187	-3,221	-4,187	-3,144
	In total	**38,897**	**17,501**	**11,327**	**-1,146**
	Deferred tax				
	At the beginning of the year	94,644	90,623	50,490	54,141
	Transferred from current tax	-6,058	3,198	-4,525	-1,985
	Deferred tax for the year recognised in the profit for the year	17,600	823	2,703	-1,666
	Adjustment of deferred tax as a consequence of a change in the Danish corporation tax rate from 28% to 25%	-8,955	0	-4,925	0
	In total at 30 September	**97,231**	**94,644**	**43,743**	**50,490**
	The following is recognised in the balance sheet:				
	Deferred tax (asset)	-7,812	-3,508	0	0
	Deferred tax (liability)	105,043	98,152	43,743	50,490
	In total	**97,231**	**94,644**	**43,743**	**50,490**
	Deferred tax concerns:				
	Intangible assets	3,383	5,212	-617	1,231
	Property, plant and equipment	34,332	33,938	19,142	18,458
	Work in progress	136,844	120,377	92,981	93,900
	Other short-term assets	333	15	-239	-402
	Provisions	-1,617	1,004	-145	-162
	Tax loss allowed for carryforward	-76,044	-66,043	-67,379	-62,535
	Deferred tax at 30 September	**97,231**	**94,644**	**43,743**	**50,490**

Note		GROUP 2006/2007	GROUP 2005/2006	PARENT COMPANY 2006/2007	PARENT COMPANY 2005/2006
11	**Earnings per share**				
	Profit for the year (DKK '000)	148,031	92,705	31,622	32,959
	Average number of shares (DKK '000)	2,265	2,265	2,265	2,265
	Average number of treasury shares (DKK '000)	196	196	196	196
	Average number of shares in circulation (DKK '000)	**2,069**	**2,069**	**2,069**	**2,069**
	Average dilution effect of outstanding share options (DKK '000)	0	0	0	0
	Average number of diluted shares in circulation (DKK '000)	**2,069**	**2,069**	**2,069**	**2,069**
	Earnings per share of DKK 20 (current)	71.5	44.8	15.3	15.9
	Earnings per share of DKK 20 (diluted)	71.5	44.8	15.3	15.9
	Proposed dividend per share (DKK)			4.8	4.8

NOTES TO THE ANNUAL REPORT

Note (DKK '000)

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

Parent Company at 30 September 2007	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 2006	7,754	4,720	226,625	736,249	34,925	18,407
Additions during the year	0	0	38,118	95,478	2,861	30,631
Disposals during the year	0	-1,383	-12,562	-154,117	-5,064	-10,708
Transfers	0	0	0	31,649	0	-31,649
Cost at 30 September 2007	**7,754**	**3,337**	**252,181**	**709,259**	**32,722**	**6,681**
Depreciation at 1 October 2006	6,638	1,826	55,423	433,226	26,475	
Depreciation for the year	0	469	7,605	68,256	4,231	
Assets sold during the year	0	-1,162	-2,595	-74,700	-5,056	
Depreciation at 30 September 2007	**6,638**	**1,133**	**60,433**	**426,782**	**25,650**	
Carrying amount at 30 September 2007	**1,116**	**2,204**	**191,748**	**282,477**	**7,072**	**6,681**
Carrying amount of mortgaged assets at 30 September 2007	**0**	**0**	**146,826**	**0**	**0**	**0**

Group at 30 September 2007	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 2006	71,953	12,197	390,591	1,164,917	102,525	22,058
Foreign currency translation adjustments	54	18	-408	2,740	500	190
Additions from purchase of subsidiaries	8,844	2,000	0	0	1,241	0
Additions during the year	0	389	43,310	183,099	20,354	43,214
Disposals during the year	-925	-1,383	-14,068	-169,006	-11,853	-11,032
Transfers	0	0	12	35,095	59	-35,166
Cost at 30 September 2007	**79,926**	**13,221**	**419,437**	**1,216,845**	**112,826**	**19,264**
Depreciation at 1 October 2006	35,208	5,841	83,805	654,740	67,167	
Foreign currency translation adjustments	15	11	-57	762	307	
Depreciation for the year	0	1,652	12,930	122,055	14,088	
Assets sold during the year	0	-1,162	-2,725	-85,171	-7,954	
Transfers	0	0	0	113	-113	
Depreciation at 30 September 2007	**35,223**	**6,342**	**93,953**	**692,499**	**73,495**	
Carrying amount at 30 September 2007	**44,703**	**6,879**	**325,484**	**524,346**	**39,331**	**19,264**
Carrying amount of mortgaged assets at 30 September 2007	**0**	**0**	**201,459**	**0**	**0**	**0**

In 2006/2007 damages received concerning property, plant and equipment to the total amount of DKK 276,000 against DKK 620,000 in 2005/2006 have been recognised as income. The Parent Company has not received any damages concerning property, plant and equipment in 2006/2007 and 2005/2006.

The Group has committed itself to invest in property, plant and equipment; cf. Contingent liabilities and other financial obligations in note 21.

Note (DKK '000)

12 **Intangible assets and property, plant and equipment (continued)**

Goodwill

Goodwill is the only intangible asset with an indefinite useful life.

As per 30 September 2007, an impairment test of goodwill has been performed. The impairment test was based on the business unit or the segment representing the base level of cash-generating units to which the goodwill on acquisition can be allocated with a fair degree of accuracy. For the acquired activities and companies not being established as independent units but integrated in existing units, it is not possible to perform impairment tests on these individual acquisitions. In the Group's internal reporting, the accounting value of goodwill in the individual cash-generating units has been allocated to the Group's business segments.

At the impairment test, the present value of the estimated cash flows from the cash-generating units is compared with the accounting values of the net assets. The estimated cash flows are based on budgets for the years 2007/2008-2011/2012 prepared and approved by Management in the respective cash-generating units, and on forecasts for the years 2012/2013-2016/2017. The forecasts were elaborated for a 10 year period, as decisions on acquisitions are made on the basis of 10 year forecasts. The tests are based on an expected increase in cash flows of 3-5% and a discount rate of 9.3% after tax.

The impairment tests did not cause any write-down to the recoverable amount of goodwill.

The impairment tests included 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.

NOTES TO THE ANNUAL REPORT

Note (DKK '000)

12 **Intangible assets and property, plant and equipment (continued)**

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**	

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)

13 **Investments in subsidiaries and associates**

	30/9 2007 Investments in subsidiaries	**30/9 2006** Investments in subsidiaries
Parent Company		
Cost at 1 October	230,432	209,378
Additions during the year	32,252	21,054
Disposals during the year	0	0
Cost at 30 September	**262,684**	**230,432**
Carrying amount at 30 September	**262,684**	**230,432**

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

	Revenue	Profit for the year	Assets in total	Liabilities in total
30 September 2007				
Pipe Technologies	288,593	10,422	141,801	50,153
30 September 2006				
Pipe Technologies	286,345	13,153	146,930	63,463

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.

NOTES TO THE ANNUAL REPORT

Note	(DKK '000)	GROUP 30/9 2007	GROUP 30/9 2006	PARENT COMPANY 30/9 2007	PARENT COMPANY 30/9 2006
14	**Inventories**				
	Raw materials and consumables	92,440	71,632	34,880	34,616
	Finished goods	38,773	35,010	0	0
	In total	**131,213**	**106,642**	**34,880**	**34,616**
15	**Work in progress**				
	Selling price of construction contracts	3,294,204	2,837,468	2,186,608	2,078,578
	Invoicing on account	-3,285,048	-2,776,401	-2,231,985	-2,068,025
	In total	**9,156**	**61,067**	**-45,377**	**10,553**
	The following is recognised:				
	Receivables	197,100	236,664	105,214	164,633
	Current liabilities	-187,944	-175,597	-150,591	-154,080
	In total	**9,156**	**61,067**	**-45,377**	**10,553**
	Retained payments	**15,162**	**22,850**	**14,903**	**22,723**
16	**Receivables**				
	Receivables falling due over a year after the balance sheet date	38,145	1,718	37,691	0
	Write-downs included in receivables which are recognised in the income statement	7,929	5,579	1,476	793

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 2005/2006.

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.

	Number		Nominal value DKK ('000)		% of share capital	
Treasury shares (B shares)	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006
Holding at 1 October	195,808	195,808	3,916	3,916	8.64	8.64
Additions	0	0	0	0	0.00	0.00
Disposals	0	0	0	0	0.00	0.00
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.

To carry a motion to amend the Articles of Association, shareholders representing at least half of the total number of votes in the Company shall be present at the general meeting, and at least two thirds of the votes cast and two thirds of the voting capital represented at the general meeting shall vote in favour of the resolution.

Where less than half of the total number of votes in the Company are represented at the general meeting, but the resolution to amend the Articles of Association was passed by at least two thirds of the votes cast and two thirds of the represented voting capital, a new general meeting shall within three weeks be convened at which such resolution may be passed with at least two thirds of the votes cast irrespective of the numbers of votes represented.

		GROUP		PARENT COMPANY	
Note	(DKK '000)	**30/9 2007**	**30/9 2006**	**30/9 2007**	**30/9 2006**
18	**Mortgage debt and credit institutions**	**535,717**	**562,307**	**378,071**	**416,637**
	The following is recognised:				
	Non-current liabilities	172,444	174,199	135,442	135,422
	Current liabilities	363,273	388,108	242,629	281,215
	In total	**535,717**	**562,307**	**378,071**	**416,637**
	Fair value	533,978	561,777	376,331	416,107
	Nominal value	535,717	562,307	378,071	416,637
	Non-current liabilities fall due as follows:				
	1-2 years	1,755	2,476	0	0
	2-5 years	30,026	29,581	26,090	26,102
	After 5 years	140,663	142,142	109,352	109,320
	In total	**172,444**	**174,199**	**135,442**	**135,422**
19	**Provisions**				
	Balance at 1 October	49,852	32,788	44,945	29,113
	Completed contracts tranferred from work in progress	17,844	9,151	17,844	9,151
	Used during the year	-2,460	-1,858	-2,460	-1,858
	Reversal of unused warranty commitments	-3,889	-2,360	-3,889	-2,360
	Provisions for the year	33,461	12,131	27,650	10,899
	In total at 30 September	**94,808**	**49,852**	**84,090**	**44,945**
	The following is recognised:				
	Non-current liabilities	84,537	40,931	73,819	36,024
	Current liabilities	10,271	8,921	10,271	8,921
	In total	**94,808**	**49,852**	**84,090**	**44,945**

Provisions comprise 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)

20 **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 2007	30/9 2006	30/9 2007	30/9 2006	30/9 2007	30/9 2006
	Fixed/floating	%	%	DKK '000	DKK '000	DKK '000	DKK '000
Cash	Floating	1-5	1-4	167,816	153,157	167,816	153,157
Interest-bearing assets in total				**167,816**	**153,157**	**167,816**	**153,157**
Mortgage debt and credit institutions	Fixed/floating	3-7	3-6	378,071	416,637	376,331	416,107
Interest-bearing liabilities in total				**378,071**	**416,637**	**376,331**	**416,107**
The payment/maturity profile can be specified as follows:							
Less than 1 year				74,813	128,058		
1-5 years				26,090	26,102		
More than 5 years				109,352	109,320		
				210,255	263,480		

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

		Effective interest rate		Accounting value		Fair value	
		30/9 2007	30/9 2006	30/9 2007	30/9 2006	30/9 2007	30/9 2006
	Fixed/floating	%	%	DKK '000	DKK '000	DKK '000	DKK '000
Cash	Floating	1-5	1-5	201,248	170,239	201,248	170,239
Other financial assets	Fixed	2-4	2-4	431	481	431	481
Interest-bearing assets in total				**201,679**	**170,720**	**201,679**	**170,720**
Mortgage debt and credit institutions	Fixed/floating	3-7	3-6	535,717	562,307	533,978	561,777
Other interest-bearing liabilities	Fixed	3-6	3-6	506	1,924	506	1,924
Interest-bearing liabilities in total				**536,223**	**564,231**	**534,484**	**563,701**
The payment/maturity profile can be specified as follows:							
Less than 1 year				163,855	221,788		
1-5 years				30,026	29,581		
More than 5 years				140,663	142,142		
				334,544	393,511		

Note (DKK '000)

20 **Currency, interest rate, credit risk and use of financial instruments (continued)**

Financial instruments

A The Parent Company balances in foreign currency (excluding currencies in the Euro cooperation) are as follows (DKK '000):

			30/9 2007	**30/9 2006**
Currency	Financial assets	Financial liabilities	Net position	Net position
SEK	78,247	-107,067	-28,820	-73,723
GBP	1,974	-5,812	-3,838	-5,742
USD	19,760	-18,852	908	-8,020
LVL	27,405	-4,325	23,080	-1,991
Other	26,088	-317	25,771	-5,935
	153,474	-136,373	17,101	-95,411
Payment/maturity profile can be specified as follows:				
Less than 1 year	153,474	-136,373	17,101	-95,411
1-5 years	0	0	0	0
More than 5 years	0	0	0	0
	153,474	-136,373	17,101	-95,411

B The Group balances in foreign currency (excluding currencies in the Euro cooperation) are as follows (DKK '000):

			30/9 2007	**30/9 2006**
Currency	Financial assets	Financial liabilities	Net position	Net position
SEK	211,745	-156,803	54,942	-23,320
PLN	131,534	-136,426	-4,892	1,528
GBP	47,725	-25,555	22,170	14,600
USD	19,760	-18,852	908	-8,020
RUB	10,891	-2,169	8,722	4,467
LVL	27,763	-4,951	22,812	-2,259
THB	0	-14	-14	1,647
Other	18,016	-189	17,827	-5,935
	467,434	-344,959	122,475	-17,292
Payment/maturity profile can be specified as follows:				
Less than 1 year	467,434	-343,294	124,140	-13,444
1-5 years	0	-1,665	-1,665	-3,848
More than 5 years	0	0	0	0
	467,434	-344,959	122,475	-17,292

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

NOTES TO THE ANNUAL REPORT

Note	(DKK '000)	GROUP 30/9 2007	GROUP 30/9 2006	PARENT COMPANY 30/9 2007	PARENT COMPANY 30/9 2006
21	**Contingent liabilities and other financial obligations**				
	Operating leases				
	Future rent and lease payments under non-cancellable contracts (minimum lease payments):				
	Maturity within 1 year	27,245	14,303	14,743	13,612
	Maturity between 2 and 5 years	38,028	30,487	36,159	28,905
	Maturity over 5 years	2,768	3,136	2,768	3,136
	In total	**68,041**	**47,926**	**53,670**	**45,653**
	Expensed lease payments for the year	16,231	15,951	15,997	15,811

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 2007 as well as at 30 September 2006. The maximum term of the contracts in the Group is 7 years at 30 September 2007 as well as at 30 September 2006.

	GROUP 30/9 2007	GROUP 30/9 2006	PARENT COMPANY 30/9 2007	PARENT COMPANY 30/9 2006
Capital and purchase commitments				
Investment in property, plant and equipment	66,455	40,384	0	13,014
Contingent liabilities				
Guarantee for bank debt of subsidiaries			115,968	70,971
Guarantee for bank balances in joint ventures	10,000	10,000	10,000	10,000
Other guarantees	0	8,719	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. From 2006 the Company is only liable for 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.

Collateral

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 joint ventures under a joint and several liability. At 30 September 2007 total payables amount to DKK 698.3 million against DKK 756.6 million at 30 September 2006. The Company does not expect any losses in addition to those included in the financial statements.

Note (DKK '000)

22 **Related party transactions**

Parent Company	Subsidiaries 2006/2007	Subsidiaries 2005/2006	Associates 2006/2007	Associates 2005/2006	Joint ventures 2006/2007	Joint ventures 2005/2006	Management [1] 2006/2007	Management [1] 2005/2006
Income [2]	162,372	119,002	9,524	32,855	137,963	148,783	0	0
Expenses [2]	-112,062	-82,887	-2,362	-10,821	-197	-30,542	-3,635	-5,251
Receivables [3]	150,397	104,541	5,772	7,832	97,633	89,536	0	0
Liabilities [3]	-110,078	-78,725	0	-123	-56,588	-19,977	-1,283	-3,262
Write-down of receivables	0	-276	0	-36	0	0	0	0

[1] Includes members of the Board of Directors and Executive 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.

Group	Associates 2006/2007	Associates 2005/2006	Joint ventures 2006/2007	Joint ventures 2005/2006	Management [1] 2006/2007	Management [1] 2005/2006
Income [2]	9,524	32,855	174,569	206,332	0	0
Expenses [2]	-2,362	-10,821	-1,033	-68,882	-4,166	-5,251
Receivables [3]	5,772	7,832	116,514	93,675	0	0
Liabilities [3]	0	-123	-58,230	-22,216	-1,283	-3,262
Write-down of receivables	0	-36	0	0	0	0

[1] Includes members of the Board of Directors and Executive 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 and Lise Aarsleff's Fund is considered to have control over the Group as a consequence of own shareholding and distribution of other shares. No transactions with the Fund took place in 2005/2006 and 2006/2007.

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.

NOTES TO THE ANNUAL REPORT

		GROUP		PARENT COMPANY	
Note	(DKK '000)	2006/2007	2005/2006	2006/2007	2005/2006
23	**Other adjustments – Cash flow statement**				
	Share of profit after tax in associates	-10,422	-13,153		
	Provisions	44,200	17,064	39,145	15,832
	Profit from sale of non-current assets	-14,070	-14,046	-7,800	-3,958
	In total	**19,708**	**-10,135**	**31,345**	**11,874**
24	**Changes in working capital – Cash flow statement**				
	Inventories	-23,167	-8,468	-264	5,948
	Work in progress, net	51,991	-74,569	55,930	-42,902
	Receivables	-209,240	-116,965	-179,553	-108,125
	Creditors, other debt etc.	82,847	99,589	122,040	54,822
	In total	**-97,569**	**-100,413**	**-1,847**	**-90,257**
25	**Liquidity – Cash flow statement**				
	Cash	201,248	170,239	167,816	153,157
	Bank overdraft	-361,788	-386,644	-242,630	-281,215
	In total	**-160,540**	**-216,405**	**-74,814**	**-128,058**
	Cash is combined as follows:				
	Share of cash in joint ventures	132,624	133,805	131,260	132,920
	Other cash	68,624	36,434	36,556	20,237
	In total	201,248	170,239	167,816	153,157

Note (DKK '000)

26 **Acquisitions**

2006/2007
In the financial year 2006/2007, the Aarsleff Group has made the following acquisitions:

As per 1 May 2007, E. Klink A/S aquired 100% of the shares of Danklima Entreprise A/S.
The company is engaged in ventilation.

As per 1 May 2007, Sacrab Installation AB took over the activities of Sydspol Rörteknik AB, Sweden.
The company is engaged in trenchless pipe rehabilitation.

	Fair value at the date of acquisition	Accounting value before acquisition
Intangible assets	2,000	0
Property, plant and equipment	1,241	1,241
Other long-term assets	1,504	1,504
Inventories	1,404	1,404
Receivables	9,305	9,305
Cash and cash equivalents	11,365	11,365
Non-current liabilities	-2,652	-2,152
Current liabilities	-12,639	-12,639
Net assets acquired	11,528	10,028
Goodwill	8,844	
Acquisition cost	20,372	
Of this figure, cash	-11,365	
Cash acquisition cost/net cash flow at acquisition cf. Cash flow statement	9,007	

From the date of acquisition, the acquired companies contribute to consolidated revenue with DKK 9.1 million and to the profit for the year with DKK 0.2 million.

The consolidated revenue and profit for the year 2006/2007, calculated as if the acquisitions had taken place effective from 1 October 2006, amount to respectively DKK 4,310 million and DKK 148.5 million.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill has been determined at DKK 8.8 million. Goodwill represents the value of existing staff, knowhow and expected synergies from the uniting of interests with the Aarsleff Group.

Note (DKK '000)

26 **Acquisitions (continued)**

2005/2006
In the financial year 2005/2006, the Aarsleff Group 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 3,790 million 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, knowhow and expected synergies from the uniting of interests with the Aarsleff Group.

HIGHLIGHTS AND FINANCIAL RATIOS FOR THE GROUP (EURO)

(EUR '000)	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Income statement					
Revenue	420,141	397,455	457,765	507,079	575,305
Of this figure, work performed abroad	120,262	129,682	173,614	189,598	208,723
Profit on primary operations	5,008	9,381	8,950	15,282	23,570
Financials, net	-2,356	-1,432	-1,257	-2,268	108
Profit before tax	2,828	9,159	8,007	14,778	25,076
Profit for the year	1,574	5,747	5,994	12,431	19,858
Balance sheet					
Long-term assets	97,408	102,713	112,715	134,940	142,190
Short-term assets	134,688	147,169	154,347	192,246	223,576
Total assets	232,096	249,782	267,062	327,186	365,765
Equity	99,135	103,763	110,608	122,310	140,854
Non-current liabilities	36,161	32,120	28,760	42,266	48,633
Current liabilities	96,800	113,899	127,694	162,610	176,279
Total liabilities and equity	323,096	249,782	267,062	327,186	365,765
Cash flow statement					
Cash flows from operating activities	21,651	17,341	20,739	15,781	32,176
Cash flows from investing activities	-6,925	-20,247	-17,170	-37,845	-23,027
Of this figure, investment in property, plant and equipment, net	-6,952	-19,429	-24,105	-29,965	-22,390
Cash flows from financing activities	-2,358	-3,832	-5,597	10,547	-1,655
Change in liquidity for the year	12,368	-6,738	-2,028	-11,516	7,494
Financial ratios					
Gross margin ratio, %	10.7	11.8	11.5	12.0	12.7
Profit margin (EBIT), %	1.2	2.4	2.0	3.0	4.1
Operating margin (before-tax), %	0.7	2.3	1.7	2.9	4.4
Return on invested capital (ROIC), %	3.8	7.4	6.6	9.7	13.1
Return on equity (ROE), %	1.6	5.7	5.6	10.7	15.1
Equity interest, %	42.7	41.5	41.4	37.4	38.5
Earnings per share (EPS), DKK	5.69	20.98	21.78	44.80	71.54
Dividend per share, DKK	2.40	2.40	2.40	4.80	4.80
Number of employees	2,211	2,271	2,373	2,670	2,839
Applied translation rate	*7.4256*	*7.4416*	*7.4624*	*7.4576*	*7.4544*

Financial ratios for the Group have been calculated in accordance with the "Recommendations and financial ratios of the Danish Society of Investment Professionals 2005". Please see page 53 for financial ratio definitions. Translation from DKK to EUR have been made at the rate ruling at the balance sheet date.

Highlights and financial ratios for 2004/2005, 2005/2006 and 2006/2007 have been prepared in accordance with IFRS. The comparative figures for 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
Danklima Entreprise A/S	Aarhus	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*

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

DORMANT				
Aarsleff Holding Ltd.	Hong Kong	China		100
Aarsleff (Thailand) Ltd.	Bangkok	Thailand		100
European Pipeline Contractors Limited	London	United Kingdom		33**

** Associate

JOINT VENTURES	GROUP		PARENT COMPANY	
	OWNERSHIP INTEREST %	SPONSOR	OWNERSHIP INTEREST %	SPONSOR
A.S.R. Projekts	33		33	
Afcons Aarsleff Joint Venture I/S	50	Yes	50	Yes
APH Konsortiet J.V.	100	Yes	50	Yes
Arge Dalbensteg Seelandkai Lübeck	33		33	
Arge Eurogate HWS-Liegeplatz 2	50		50	
Arge Fino II	50			
Arge HWS Deichtor/Stadtdeich	28		28	
Arge HWS Oberhafen	28		28	
Arge HWS Schluisgrover Hauptdeich	33		33	
Arge Jemnitzschleuse Börgerende	50		50	
Arge Mittelmole-Marine Warnemünde	50		50	
Arge Predöhlkai-Liegeplatz 2	50		50	
Arge Schutzmole Süd Marinestützpunkt Warnemünde	50		50	
Arge Seelandkai Lübeck	33		33	
Arge Strassenbau Stadtdeich	33		33	
Arge Veringkanal	33		33	
Arge Wasserbau LP8 Warnemünde	40		40	
Banekonsortiet	100	Yes	57	Yes
Costain-China Harbour-Aarsleff JV	33*		33*	
EOD-Gruppen J.V.	40	Yes	40	Yes
Fourcon J.V.	50	Yes	50	Yes
Gasbyggarna Sveapipe	50	Yes	50	Yes
Geo Aarsleff JV I/S	50		50	
J.V. K.K. Nielsen A/S og Per Aarsleff A/S	50	Yes	50	Yes
Malmö Citytunnel Group HB	25		25	
Minegruppen I/S (Split Joint Venture)	50	Yes	50	Yes
Motorvejskonsortiet Arkil-Aarsleff I/S	50	Yes	50	Yes
Norra Länken NL21	40			
Pihl-Banekonsortiet I/S	50		17	
Pihl-Aarsleff J.V.	50	Yes	50	Yes
Samsøkonsortiet Aarsleff-Kremmer JV I/S	50	Yes	50	Yes
Svea Tunnel Joint Venture	50	Yes		
Vejcon Fyn I/S	30	Yes	30	
ØMJV-Konsortiet (Split Joint Venture)	40	Yes	40	Yes
Aarsleff & Bodo J.V.	50	Yes	50	Yes
Aarsleff Bilfinger Berger JV I/S	50	Yes	50	Yes
Aarsleff-Brückner J.V. I/S	50	Yes	50	Yes
Aarsleff-Gruppen I/S	100	Yes	33	Yes
Aarsleff-Kamco J.V. I/S	50	Yes	50	Yes
Aarsleff-VG J.V. I/S	50	Yes	50	Yes
Aarsleff-Wicotec J.V. I/S	100	Yes	100	Yes

* Voting rights

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.

JOINT VENTURE PARTNERS

Afcons Infrastructure Limited
Arkil A/S
Aug. Prien Bauunternehmung GmbH & Co. KG
Ballast Nedam Dredging
Beton- und Monierbau Gesellschaft m.b.H.
Bilfinger Berger AG
Brückner Grundbau GmbH
China Harbour Engineering Company (Group)
Costain Building & Civil Engineering Limited
Damacon A/S
Demex Rådgivende Ingeniører A/S
E. Pihl & Søn A.S.
Ed. Züblin AG
Fr. Holst GmbH & Co. KG
Geo
Great Lakes Dredge & Dock Co.
Kamco A/S
Kremmer Jensen ApS
Ludwig Freytag GmbH & Co. KG
NCC Danmark A/S
Petri & Haugsted as
RBS Skals Joint Stock Company
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VG Entreprenør A/S
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