

# **PARKEN Sport & Entertainment A/S**

CVR 15 10 77 07

## **Interim report for the period 1 July 2006 – 30 June 2007**

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## Financial highlights for the Group

DKK million	Q4 2006/07	Q4 2005/06	12 months 2006/07	12 months 2005/06
<b>Key figures</b>				
Total income	255,1	158,1	1.000,7	539,0
<b>Profit before transfer activities, financial income and expense and tax</b>				
	<b>36,4</b>	<b>39,8</b>	<b>170,0</b>	<b>109,9</b>
Transfer activities	(4,6)	(8,8)	(13,0)	(33,7)
Financial income and expense	(11,9)	(4,2)	(41,5)	(18,5)
<b>Profit before tax</b>	<b>19,9</b>	<b>26,8</b>	<b>115,5</b>	<b>57,7</b>
Profit	17,9	18,7	86,4	41,3
Non-current assets	1.279,0	1.063,7	1.279,0	1.063,7
Current assets	739,9	191,9	739,9	191,9
<b>Total assets</b>	<b>2.018,9</b>	<b>1.255,6</b>	<b>2.018,9</b>	<b>1.255,6</b>
Share capital	49,4	49,4	49,4	49,4
<b>Equity</b>	<b>674,3</b>	<b>450,5</b>	<b>674,3</b>	<b>450,5</b>
Non-current liabilities	444,2	230,3	444,2	230,3
Current liabilities	900,4	574,8	900,4	574,8
<b>Financial ratios</b>				
Net profit ratio, %	14,3	25,2	17,0	20,4
Return on capital employed, %	1,8	3,2	8,4	8,8
Equity ratio, %	33,4	35,9	33,4	35,9
Book value per share	273,13	182,48	273,13	182,50
Share price, end of period	1.690,00	948,93	1.690,00	948,93

**Management's review**

The 12 monthly accounts for the period 1<sup>st</sup> July 2006 until the 30<sup>th</sup> June 2007 show a rise in income of 86% to 1 billion DKK (DKK 539 million in the same period last year). The result before tax rose 100% to DKK 115,5 million (DKK 57,7 million)

With income of DKK 1 billion, PARKEN Sport & Entertainment A/S reached a new milestone.

The profit before transfer activities, financial income and expenses and tax was DKK 170 million, an increase of 55% on the preceding year (DKK 109,9 million), which is DKK 25 million lower than the original expectations for the 12 month period. This difference is due alone to the accrued income from the sale of the south-eastern office tower, this sale was completed on the 4<sup>th</sup> July 2007 and will therefore be recognised in the 3rd half of the 2006/2007 financial year. The announced 18-month expectations of a profit before transfer activities, financial income and expenses and tax in the range of DKK 250 million and a profit before tax of around DKK 160 million remain unchanged.

**Business area PARKEN**

PARKEN has staged the following events:

	2006/07	2005/06
F.C. Copenhagen	27	26
DBU	3	4
Concerts	7	4
Other	5	3
	42	37
Spectators (thousands)	1.067	809

F.C. Copenhagen's participation in the Champions League meant three more European matches than last year, all of which were sold out. Combined with a good concert year, this contributed to a 32% increase in the number of spectators at public events in PARKEN, to 1,067,000 guests.

Participation in the Champions League entailed aggregate starting, performance and match bonuses and market pool payments, etc. of DKK 90 million. On the expenses side, there were a number of participation-related costs such as presenting a Clean Stadium (i.e. covering up all sponsor advertisements on and at the stadium), travel costs, bonuses for players, etc. Besides the short-term financial gain, participation in the highest-profile sports competition in the world gives international prestige and added brand value. The match between F.C. Copenhagen and Manchester United was broadcast live to more than 60 countries – including China.

F.C. Copenhagen successfully defended its Danish championship in May 2007 and is thus playing qualification matches for this year's Champions League. In the 2nd qualifying round

the club won on aggregate over Beitar Jerusalem, and in the 3rd and final qualifying round F.C. Copenhagen is taking on the Portuguese giant Benfica.

The long-term sporting strategy of continuously strengthening the F.C. Copenhagen squad is maintained and is reflected in the focus on relatively long contracts with key players. As a logical consequence of this strategy, the contract with head coach Ståle Solbakken has been extended until mid-2010. Significant replacements in the squad include the departure of Tobias Linderoth, Lars Jacobsen, Fredrik Berglund and Dan Thomassen, and the arrival of Morten Nordstrand, Rasmus Würtz, Libor Sionko and Michael Antonsson.

DBU played two international matches at PARKEN stadium, as well as the national cup final. In connection with the match against Sweden on 2 June, an agitated person entered the field to attack the referee. As a consequence of this episode, the referee stopped the match, and DBU has been ordered to play its next two European Championship qualifying matches at least 140 km from PARKEN.

It has been a busy concert season with seven concerts: Robbie Williams (twice), George Michael, Justin Timberlake, Bruce Springsteen, and the two 1-day festivals Zulu Rocks and Mini Zulu Rocks. In addition, PARKEN was the venue of the annual FIM Danish Speedway Grand Prix and a football event featuring names such as Diego Maradona and Michael Laudrup, as well as two boxing meetings, with among others Mikkel Kessler.

A total of 42 events have been staged, to which should be added a number of private events, the largest being Novo's summer party.

Sales of merchandise have increased considerably to DKK 33 million, primarily as a result of higher Internet sales.

Revenue from F.C. Copenhagen's commercial partners has remained at a level of just under DKK 100 million, even though the Group has chosen to profile its own activities on the handball teams' shirts. For accounting purposes, this internal transaction is eliminated in both revenue and earnings.

The increased sales mean that F.C. Copenhagen has sold out several categories of commercial cooperation agreements.

### **FCK Handball**

FCK Handball's sports results were satisfactory. Ending 6th in the Toms League, the ladies just fulfilled the objective of a position in the upper half of the league. In the EHF Cup, the team reached the 3rd round. FCK Handball's men won the initial stage of the Tele 2 League, thereby qualifying for the semi-finals of the Danish Championship for the second year running. Thus they also fulfilled their objective for the season. Unfortunately they did not get past the semi-finals and therefore ended the season with bronze medals. In the EHF Cup, FCK reached the quarter finals, where the team was eliminated by the eventual cup winners from Magdeburg. Both FCK teams have been reinforced since last season, and consequently the men are expected to reach the playoffs and the ladies to be in the top 5. The men are also expected to do well in the EHF Cup.

### **The office towers**

All three towers have been fully let as of 30 June 2007. Since the Board of Directors has decided to put the towers up for sale, they have been transferred to current assets on the balance sheet. In early July, the south-eastern office tower was sold with effect from 1 September 2007, at a total price of DKK 135 million. The sales procedure in relation to the south-western tower has been initiated.

### **Lalandia**

Lalandia continues its sound development and the Lalandia companies achieved an operating result of DKK 33 million. The Swedish market is developing very favourably, while the German market is still declining. The additions to the centre are positive, and the new shops and the skating rink have contributed to the increase.

The DKK 35 million expansion, including an outdoor aqua world in the Atrium, is progressing according to plan and the new facilities will be opened for the summer season 2008.

### **Lalandia Billund**

The project is on schedule with no major deviations, and the centre and large aqua world are set to open in the early summer of 2009.

Lalandia Billund will begin to let the first houses as soon as they have been handed over.

761 holiday houses at a total value of DKK 1.5 billion have been sold. The proceeds from the sale of the holiday houses will not be recognised as revenue until the handing-over, which will be between mid-2008 and the end of 2009.

### **Fitness dk A/S**

Following the acquisition, the planned merger of the original three chains has now been completed. This included the combination of two centres in Slagelse and Roskilde, respectively, as well as the required upgrading to the fitness dk standard. Three small centres in Tønder, Åbenrå and Fåborg have been sold as they did not fit into the future strategy of fitness dk.

Finally, the franchisee of the two fitness dk centres in Ålborg chose to sell these to another purchaser.

fitness dk has opened new centres in Vejle, Sydhavnen (Copenhagen) and Esbjerg. The Valby centre has moved to attractive new facilities.

There are plans to open new centres in Hjørring, Birkerød and Rosengårdscentret (Odense), and fitness dk has also signed an agreement to acquire and expand the fitness centre at Slotsøbadet in Kolding.

fitness dk has entered into an interesting cooperation project with Falck Healthcare in the corporate market. A new membership administration system was introduced on 1 May 2007.

All these proactive initiatives have entailed higher costs, which have been recognised as operating expenses, and although growth has been stronger than budgeted for, the profit has therefore been weaker than originally anticipated in the budget.

With the IFRS amortisations for accounting purposes of DKK 24 million, the contribution from fitness dk to the profit before transfer activities, financial income and expenses and tax is a mere DKK 3 million.

When the new centres have been run in, and the above IFRS amortisations no longer apply, earnings before financial income and expenses and tax are expected to exceed DKK 40 million p.a.

### **Billetlugen**

The number of event venues has increased, and Billetlugen has again come out with a small profit.

### **Global Goal**

The company is still in the start-up phase, but sales in the Danish market are growing rapidly. The rights in the US market have been sold, and all potential product liability risks have been eliminated.

### **Investments**

The investment project comprising a new D stand, 1½ new office towers and an arena will commence with the demolition in late 2007. The stand is expected to be ready to use in the summer of 2009 and the office towers in the autumn. The conditional agreement with the City of Copenhagen on the granting of building permits and acquisition of the necessary land was adopted by the Board of Directors of PARKEN Sport & Entertainment today.

The balance-sheet total has increased to DKK 2 billion, and with equity of DKK 674 million a solvency ratio of 33% is maintained.

### **The Arena project**

Four invited consortia are currently participating in an architectural competition on the design of the arena, and a constructive dialogue is kept up with the City of Copenhagen in relation to the implementation of the project.

### **Events after the end of the accounting period**

The south-eastern office tower was sold with effect from 1 September 2007, at a price of DKK 135 million.

F.C. Copenhagen won on aggregate over Beitar Jerusalem in the 2nd qualifying round of the UEFA Champions League, and lost 2-1 away to Benfica in the first 3rd-round match. The return match will be played in PARKEN on 29 August.

### **Expectations for the financial year**

As previously stated, PARKEN Sport & Entertainment A/S has decided to change the financial year to the calendar year in connection with the acquisition of fitness dk, with 1 July 2006 – 31 December 2007 as the transition period. For the transition period, the profit before transfer activities, financial income and expense and tax is expected to be in the range of DKK 250 million and the profit before tax around DKK 160 million.

## **Management statement**

The Supervisory Board and the Executive Board have considered and approved this interim report for the period from 1 July 2006 to 30 July 2007.

The interim report, which is unaudited, has been prepared in accordance with the applicable recognition and measurement provisions of the International Financial Reporting Standards (IFRS) and Danish disclosure requirements for interim reporting by listed companies.

In our opinion, this interim report gives a true and fair view of the Group's financial position as at 30 June 2007 and of the Group's activities during the period from 1 July 2006 to 30 June 2007.

### **Supervisory Board:**

### **Executive Board:**

Flemming Østergaard, Chairman

Jørgen Glistrup

Niels-Christian Holmstrøm

Dan Hammer

Michael Kjær

Flemming Lindeløv

Peter Norvig

Benny Olsen

Hans Henrik Palm

**Income statement for the Group**

DKK '000	2006/07	2005/06
Revenue	995.071	503.976
Revaluation of investment properties	5.617	35.065
<b>Total income</b>	<b>1.000.688</b>	<b>539.041</b>
External costs	448.412	219.599
Staff costs	307.858	185.211
Amortisation, depreciation and impairment	74.388	24.342
<b>Profit before transfer activities, financial income and expense and tax</b>	<b>170.030</b>	<b>109.889</b>
<b>Transfer activities</b>		
Loss from transfer activities	(12.963)	(33.664)
<b>Financial income and expense</b>		
Financial income	2.919	6.213
Financial expense	44.467	24.753
<b>Total financial income and expense</b>	<b>(41.548)</b>	<b>(18.540)</b>
<b>Profit before tax</b>	<b>115.519</b>	<b>57.685</b>
Tax on profit	29.169	16.406
<b>Profit</b>	<b>86.350</b>	<b>41.279</b>
<b>To be distributed as follows:</b>		
Shareholders in PARKEN Sport & Entertainment A/S	81.655	33.888
Minority interests	4.695	7.391
	<b>86.350</b>	<b>41.279</b>



**Balance sheet for the Group**

DKK '000	30.06.07	30.06.06
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Goodwill	444.642	82.518
Contractual rights	99.809	100.560
Patents and trademarks	1.518	1.509
Completed development projects	2.150	3.498
Fitting-up of rented premises	53.048	-
Other intangible assets	33.742	-
	<b>634.909</b>	<b>188.085</b>
<b>Property, plant and equipment</b>		
Investment properties	-	392.837
Land and buildings	535.891	432.312
Other plant, fixtures and fittings, tools and equipment	102.584	44.910
	<b>638.475</b>	<b>870.059</b>
<b>Other non-current assets</b>		
Deferred tax	5.662	5.585
	<b>5.662</b>	<b>5.585</b>
<b>Total non-current assets</b>	<b>1.279.046</b>	<b>1.063.729</b>
<b>Current assets</b>		
Inventories	78.747	17.187
Investment properties	398.454	-
Receivables	182.530	107.817
Prepayments	8.010	5.315
Securities	7.195	7.950
Cash at bank and in hand	64.956	53.651
<b>Total current assets</b>	<b>739.892</b>	<b>191.920</b>
<b>TOTAL ASSETS</b>	<b>2.018.938</b>	<b>1.255.649</b>

**Balance sheet for the Group**

DKK '000	30.06.07	30.06.06
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	49.376	49.376
Reserve for fair value of investment assets	56.858	52.813
Retained earnings	526.787	324.227
Equity share attributable to shareholders of PARKEN Sport & Entertainment A/S	633.021	426.416
Minority interests	41.297	24.119
<b>Total equity</b>	<b>674.318</b>	<b>450.535</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax	143.329	75.247
Provisions for liabilities	3.484	8.051
Mortgage credit institutions	281.546	137.618
Other payables	10.539	4.455
Deposits	5.321	4.879
	<b>444.219</b>	<b>230.250</b>
<b>Current liabilities</b>		
Provisions for liabilities	3.484	12.419
Mortgage credit institutions	641.050	363.913
Trade payables and other payables	178.557	136.424
Corporation tax	131	131
Deferred income	77.179	61.977
	<b>900.401</b>	<b>574.864</b>
<b>Total liabilities</b>	<b>1.344.620</b>	<b>805.114</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2.018.938</b>	<b>1.255.649</b>

## Specifications

DKK '000	2006/07	2005/06
<b>Revenue</b>		
Entrance and television fees and prize money	160.021	40.252
Business partners	98.114	99.033
Stadium rental	30.280	33.020
Rental of investment properties	24.533	20.999
F&B and conference centre, etc.	151.098	124.085
Merchandise	34.603	25.823
Commissions and ticket fees	107.410	102.142
Fitness	326.122	
Other sales	43.899	41.888
Other income	18.991	16.734
<b>Total revenue</b>	<b>995.071</b>	<b>503.976</b>

## Statement of changes in equity

DKK '000	2006/07	2005/06
<b>Equity at the beginning of the period</b>	<b>450.535</b>	<b>547.516</b>
Acquisition of treasury shares	-72.838	-126.844
Disposal of treasury shares	189.130	11.033
Dividend distributed	0	-24.417
Profit	86.350	41.279
Value adjustments of hedging instruments	1.285	3.977
Share-based payments	7.733	171
Tax on movements in the equity	-360	-1.113
Minority interests	12.483	-4.759
Addition, capital increase	0	3.692
<b>Equity at the end of the period</b>	<b>674.318</b>	<b>450.535</b>

## Contacts

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**PARKEN Sport & Entertainment A/S**

Copenhagen, 22 August 2007