

To: Copenhagen Stock Exchange  
Nikolaj Plads 6  
1007 Copenhagen K.

### **Interim report for Arkil Holding A/S for the first quarter of 2010**

The Directors of Arkil Holding A/S have today considered and approved the Group's interim report for the period 1 January to 31 March 2010.

#### **Key elements:**

- **Net revenue was DKK 177.1 million – a decrease of 50.1% compared to last year.**
- **The Group's revenue is expected to be approx. DKK 2,000 million for the entire year, which is a decrease in revenue of approx. 7% compared to last year.**
- **The Group's result for the period before taxes showed a loss of DKK 89.8 million compared to a loss of DKK 54.5 million for the same period last year.**
- **2010 pre-tax profit for the Arkil Group is expected around DKK 0 million – a negative readjustment of approx. DKK 30 million compared to the announcement of the annual accounts from 24 March 2010.**

Please direct any questions to Managing Director Jesper Arkil at +45 73225050.

Haderslev, 26 May 2010

Arkil Holding A/S

Niels Arkil  
Chairman of the Board

## Main figures and key ratios

Interim report for the first quarter of 2010

	1 January to 31 March 2010	1 January to 31 March 2009
<b>Profit and loss account</b>		
Net revenue, finished work	177.1	354.8
Operating profit (EBIT)	(89.3)	(51.8)
Net financial items	(0.5)	(2.7)
Pre-tax operating profit	(89.8)	(54.5)
Profit after tax	(65.8)	(40.8)
<b>Key ratios for the Group</b>		
Profit ratio	(50.4)	(14.6)
Return on net assets (ROIC)	(9.1)	(4.6)
Liquidity ratio	181.3	173.5
Equity ratio	50.3	46.2
Return on equity	(9.9)	(6.4)
Average number of employees	1,241	1,756
<b>Earnings per share (DKK)</b>		
Earnings per DKK 100 share	(134.4)	(82.3)
Diluted earnings per DKK 100 share	(134.4)	(82.3)

	31 Dec, 2009	31 March 2010	31 March 2009
<b>Balance sheet</b>			
Intangible assets	110.6	110.6	111.3
Tangible assets	498.8	488.9	511.2
Other long-term assets	13.7	12.0	18.4
Short-term assets	835.9	644.2	705.9
<b>Total assets</b>	<b>1,459.0</b>	<b>1,255.7</b>	<b>1,346.8</b>
<b>Return on equity</b>			
Long-term liabilities	697.4	631.5	621.6
Short-term liabilities	301.1	268.8	318.3
<b>Total obligations</b>	<b>761.6</b>	<b>624.2</b>	<b>725.2</b>
<b>Total liabilities</b>	<b>1,459.0</b>	<b>1,255.7</b>	<b>1,346.8</b>

Group key figures (DKK million)

	1 January to 31 March 2010	1 January to 31 March 2009
<b>Cash flow statement</b>		
Cash flows from operating activities	40.3	40.6
Acquisition of companies and new activities	0.0	0.0
Cash flow from other investment activities	(13.6)	(13.2)
Cash flows from financing activities	(11.0)	(12.4)
<b>Changes in cash flow for the period</b>	<b>15.7</b>	<b>15.0</b>
Cash and cash equivalents at beginning of the period	234.1	193.5
Translation adjustment of cash and cash equivalents	0.0	0.1
<b>Cash and cash equivalents at end of the period</b>	<b>249.8</b>	<b>208.6</b>
<b>Statement of recognised income and expenditure</b>		
Net income for the period	(65.8)	(40.8)
<b>Net income recognised directly in equity</b>		
Exchange-rate adjustments from translation of foreign units	(0.1)	(0.1)
<b>Recognised income and expenditure in total</b>	<b>(65.9)</b>	<b>(40.9)</b>
Are distributed like this:		
Holders of shares in Arkil Holding A/S	(64.1)	(39.3)
Minority interests	(1.8)	(1.6)
	<b>(65.9)</b>	<b>(40.9)</b>

**Statement of changes in equity**

	Share capital	Reserve for exchange-rate adjustment	Retained earnings	Suggested dividend	Total	Minority interests	Total
Equity as at 1 January 2010	49.1	(1.2)	630.7	7.4	<b>686.0</b>	11.4	<b>697.4</b>
Exchange-rate adjustments, foreign companies		(0.1)			<b>(0.1)</b>		<b>(0.1)</b>
<b>Net gains recognised directly in equity</b>	<b>49.1</b>	<b>(1.3)</b>	<b>630.7</b>	<b>7.4</b>	<b>685.9</b>	<b>11.4</b>	<b>697.3</b>
Net income for the period			(64.0)		<b>(64.0)</b>	(1.8)	<b>(65.8)</b>
<b>Total comprehensive income</b>	<b>49.1</b>	<b>(1.3)</b>	<b>566.7</b>	<b>7.4</b>	<b>621.9</b>	<b>9.6</b>	<b>631.5</b>
Distributed dividends					<b>0.0</b>		<b>0.0</b>
Dividend, own shares					<b>0.0</b>		<b>0.0</b>
<b>Equity as at 31 March 2010</b>	<b>49.1</b>	<b>(1.3)</b>	<b>566.7</b>	<b>7.4</b>	<b>621.9</b>	<b>9.6</b>	<b>631.5</b>

**Statement of changes in equity (continued)**

	Share capital	Reserve for exchange-rate adjustment	Retained earnings	Suggested dividend	Total	Minority interests	Total
Equity as at 1 January 2009	49.1	(1.5)	597.8	7.4	<b>652.8</b>	9.7	<b>662.5</b>
Exchange-rate adjustments, foreign companies		(0.1)			<b>(0.1)</b>		<b>(0.1)</b>
<b>Net gains recognised directly in equity</b>	<b>49.1</b>	<b>(1.6)</b>	<b>597.8</b>	<b>7.4</b>	<b>652.7</b>	<b>9.7</b>	<b>662.4</b>
Net income for the period			(39.2)		<b>(39.2)</b>	(1.6)	<b>(40.8)</b>
<b>Total comprehensive income</b>	<b>49.1</b>	<b>(1.6)</b>	<b>558.6</b>	<b>7.4</b>	<b>613.5</b>	<b>8.1</b>	<b>621.6</b>
Distributed dividends					<b>0.0</b>		<b>0.0</b>
Dividend, own shares					<b>0.0</b>		<b>0.0</b>
<b>Equity as at 31 March 2009</b>	<b>49.1</b>	<b>(1.6)</b>	<b>558.6</b>	<b>7.4</b>	<b>613.5</b>	<b>8.1</b>	<b>621.6</b>

## Accounting policies applied

This interim report has been prepared in accordance with IAS 34, Presentation of interim reports, as approved by the EU and additional Danish financial reporting requirements for interim reports for public listed companies.

Apart from the impact of the new IAS/IFRS implemented in the period there has been no change in the accounting policies applied compared to the annual report for 2009. Please refer to this for more information.

The annual report for 2009 includes the complete description of the accounting policies applied.

## New IAS/IFRS implemented in the period

As of 1 January 2010, Arkil has implemented IFRS 3 "Business Combinations", IAS 27 "Consolidation and Separate Financial Statements", amendments to IAS 39 "Financial Instruments: Recognitions and Measurement: Eligible Hedged Item", parts of "improvements to IFRSs May 2008", amendment to IFRIC 9 and IAS 39 "Embedded Derivatives", amendments to IFRS 2 "Group Cash-settled Share-based Payment Transactions", amendments to IFRS 1 "Additional Exemptions for First-Time Adopters and parts of "improvements to IFRS April 2009".

Apart from IFRS 3 and IAS 27, the new accounting standards and interpretations have not affected recognition and measurement.

IFRS 3 has changed the Group's practice for stating the payment for companies acquired with respect to the following:

- Transaction expenses which can be referred to the merger will be included in the income statement on the date they are incurred. Such expenses were previously included in the cost price.
- Contingent purchase payments regarding earn-out etc. are included at the current value on the day of purchase and later value adjustment will be included in the income statement. Changes in contingent purchase payments were previously included in the cost price.
- If the takeover is phased, the purchase price allocation must take place when Arkil Holding gains control. This means that capital investments acquired earlier on will be stated at current value on the date when control is gained, and any adjustment in comparison to the accounting value will be included in the income statement. Goodwill was previously assessed at the time of the individual purchase, and value adjustment was included directly in the equity capital.

Furthermore, the IFRS 3 (2008) has changed the statement of goodwill. It is now possible to choose full goodwill measurement, even if less than 100% of the company are acquired. Previously, goodwill could only be allowed for the acquired part of the company. Measurement can be chosen transaction for transaction, and the choice should be reported in the notes in connection with the description of acquired companies.

The most significant amendment to IAS 27 concerns transactions with minority interests. Purchase/sale of minority interests' shares without losing control are included directly in the equity capital. When capital investments are sold, and control is lost, the profit/loss will be included in the income statement. At the same time, any capital investments kept in the company over which control is lost will be re-measured at current value with value adjustment in the income statement.

The new IFRS accounting standards and interpretations have not affected the result for the period.

## Assumptions and estimates

For the preparation of interim reports, management must make assumptions and estimates which affect the applied accounting policies and the calculated assets, liabilities, income and expenditure. The actual results may deviate from these estimates.



The essential estimates made by the management when applying the accounting policies for the Group and the essential uncertainty of these estimates are the same for the preparation of this consolidated interim report as for the preparation of the consolidated accounts and the annual accounts as at 31 December 2009.

## Director's report

### Result for the period

In the first quarter of 2010, the Arkil Group achieved a revenue of DKK 177.1 million compared to DKK 354.8 for the same period last year, a decrease of 50.1%. The decrease in revenue is mainly attributable to limitations on production caused by a long and hard winter in the Group's main markets.

Primary operating profit (EBIT) for the months in the first quarter of 2010 before tax showed a loss of DKK 89.3 million compared to a loss of DKK 51.8 million for the same period last year.

Net financial items showed an expenditure of DKK 0.5 million compared to DKK 2.7 million for the same period last year.

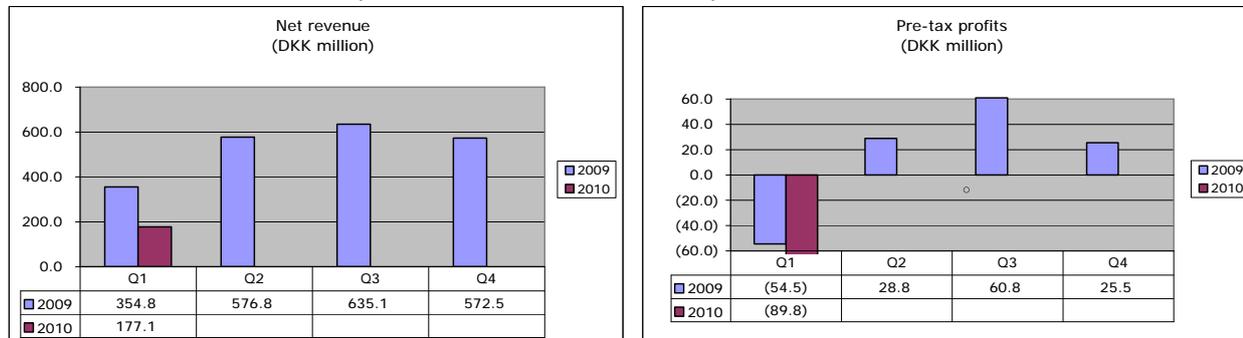
Pre-tax profit/loss for the period showed a loss of DKK 89.8 million compared to a loss of DKK 54.5 million for the same period last year.

The deviation in the result compared to last year is partly due to the decline in revenue realised and partly due to increased expenses (stoppage costs).

Because of the low level of activity, a large part of the hourly workers was laid off temporarily, and furthermore there has been an adjustment of the salaried work force in Denmark. In average, there were 515 fewer employees in the first quarter compared to the same period last year.

As mentioned in statements for previous years, the interim results for a company in a seasonal line of business cannot be used directly as an indicator for its profit for the year.

Consolidated net revenue and profit/loss before tax for each quarter:



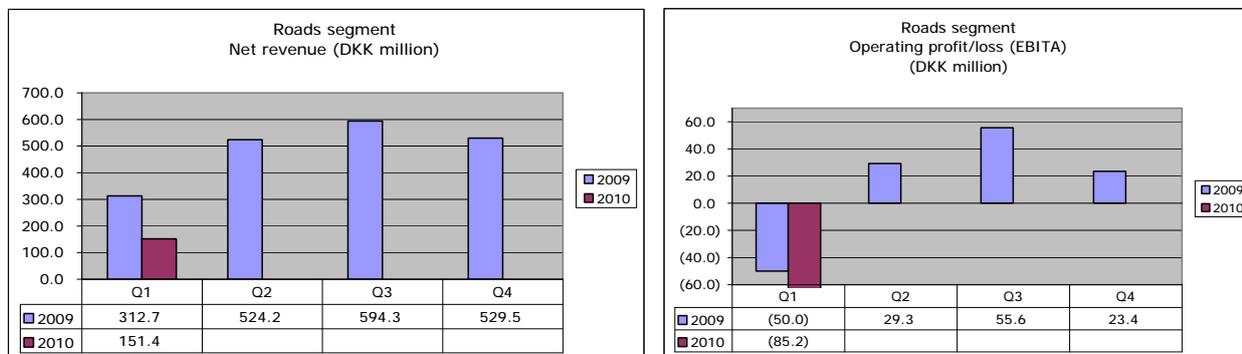
Cash flow from operations in the first quarter of 2010 amounts to a total of DKK 40.3 million as against DKK 40.6 million for the same period last year. The most significant item changes from the cash flow stem from a reduction of capital tied up in working capital.

The cash flow from investment activities, the acquisition of companies and activities was DKK -13.6 million as against DKK -13.2 million for the same period last year. Investments in machinery and equipment for the period are DKK 12.9 million as against DKK 11.5 million last year.

Liquid holdings at the end of the period have been increased by DKK 15.7 million to DKK 249.8 million.

During the period the Group's interest-bearing liabilities were reduced from DKK 193.7 million to DKK 190.9 million.

## Roads segment



This segment, which includes construction, asphalt and road servicing, has had a significantly lower level of activity than last year.

The decrease in activities is mainly attributable to limitations on production caused by a long and hard winter in the Group's main markets.

Construction activities in Denmark have been heavily affected by the negative international economic conditions. The market has experienced an overwhelming excess capacity as a consequence of too few new tenders as well as the decline in the building industry, which affects earnings.

As expected, activities in Germany are stable at a relatively high level as a consequence of the German government's recovery package having a positive effect on the market.

As expected, the Irish market is in line with 2009.

Asphalt activities were realised somewhat lower than expected and than realised last year as a consequence of the long winter. The asphalt division has a satisfactory order book.

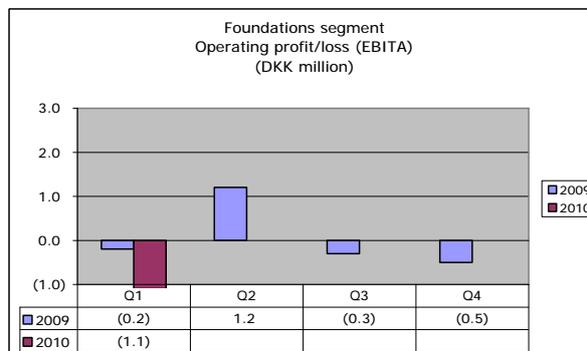
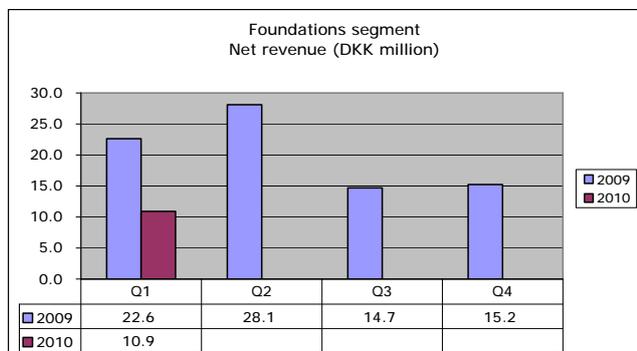
Construction activities were realised significantly lower than expected and than realised last year because production was at a standstill due to the Winter. Orders at hand for the construction division are less than expected for the season and, in respect of earnings, is affected by the fall back in supply within the private and public sector both.

Road Servicing activities have been realised slightly lower than expected and higher than realised last year.

In the first quarter of 2010, a revenue for Roads segment of DKK 151.4 million was achieved compared to DKK 312.7 for the same period last year. The result (EBITA) was DKK -85.2 million compared to DKK -50.0 million for the same period last year.

Revenue and profit for the segment have been realised considerably lower than expected. The total volume of orders must be considered as being below expectations.

## Foundations segment

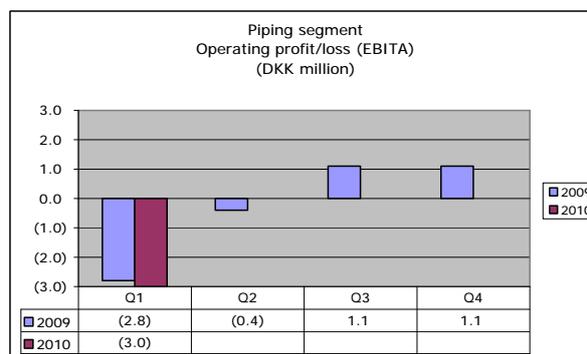
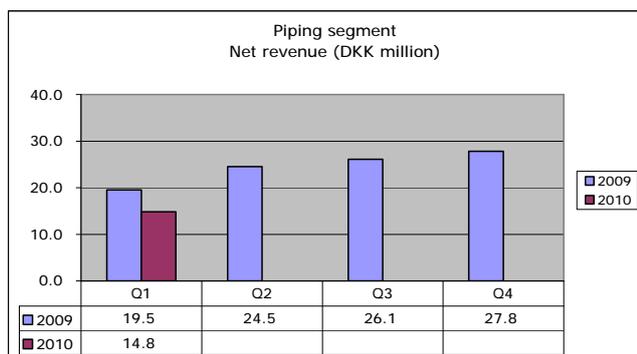


Activity in the Foundations segment has been realised lower than expected and significantly lower than last year.

In the first quarter of 2010, a revenue of DKK 10.9 million was achieved compared to DKK 22.6 million for the same period last year. The result (EBITA) was DKK -1.1 million compared to DKK -0.2 million for the same period last year. The decline is due to less revenue.

This segment has achieved revenue and result a little lower than expected during the period.

## Piping segment



The activity in the Piping Segment has been lower than expected on the segment's key markets.

In the first quarter of 2010, a revenue of DKK 14.8 million was achieved compared to DKK 19.5 million for the same period last year. The result (EBITA) was DKK -3.0 million compared to DKK -2.8 million for the same period last year.

This segment has achieved revenue and result lower than expected during the period.

<b>Balancing the pre-tax operating income</b>	1 January to 31 March 2010	1 January to 31 March 2009
<b>Operating profit</b>		
Roads segment	(85.2)	(50.0)
Pipings segment	(1.1)	(0.2)
Foundations segment	(3.0)	(2.8)
Other	0.0	1.2
<b>Operating profit</b>	<b>(89.3)</b>	<b>(51.8)</b>
Net financial items	(0.5)	(2.7)
<b>Pre-tax operating income</b>	<b>(89.8)</b>	<b>(54.5)</b>

### Expectations for the financial year 2010

2010 pre-tax profit for the Arkil Group is expected around DKK 0 million – a negative readjustment of approx. DKK 30 million compared to the announcement of the annual accounts from 24 March 2010.

The negative readjustment is made based on the stoppage costs due to the long and hard winter, increased expenses for raw materials and commodities as well as the current market situation in the Group's key markets, Denmark in particular.

Revenue is expected to be realised around DKK 2.0 billion for the entire year.

### Comments on future conditions

The future predictions in this interim report reflect the Board's current expectations of future events and financial results. Predictions for the rest of 2010 are, by nature, associated with uncertainty, and the results may therefore deviate from expectations.

Factors that could lead to significant deviations from the expected results include – but are not limited to – economic trends and the financial markets, technological developments, changes to legislation and regulation in Arkil's markets, competition conditions, job tenders within the Group's areas of business, weather and climate conditions on the Group's markets, and the acquisition and sale of activities and companies.

## Shareholders

Arkil Holding A/S has approx. 1500 listed shareholders. Of these, the following shareholders were registered in the company's list of shareholders as at today's date in accordance with section 28b of the Danish Companies Act:

Shareholders	No. of Class A and B shares	Proportion of listed capital as a %	Proportion of the company's A/S capital as a %	Votes %
Chairman of the Board Niels Arkil, Tjørnebakken 17, 6100 Haderslev, Denmark	37,388	8.59	16.85	47.40
Investeringsforeningen Danske Invest-gruppen, Strødamvej 46, 2100 Copenhagen Ø, Denmark	*			
Danske Bank, Holmens Kanal 2 – 12, 1092 Copenhagen K, Denmark	*			
Ellen and Ove Arkil's Fond, Åstrupvej 19, 6100 Haderslev, Denmark	24,375	5.67	4.96	2.33
Managing Director Jesper Arkil, Vidarsvej 8, 6100 Haderslev, Denmark	624	0.14	3.32	15.06

The denomination of all class B shares is DKK 100.

The denomination of the class A shares varies.

\* Investeringsforeningsforeningen Danske Invest-gruppen have informed the Board that they own more than 10% of the company's share capital.

Danske Bank Group have informed the Board that they own more than 5% of the company's share capital.

## Endorsement by the Board

The Board of Directors and Executive Board have today considered and approved the interim report for the period 1 January to 31 March 2010 for Arkil Holding A/S.

This interim report, which has not been revised or reviewed by the company's accountant, has been prepared in accordance with IAS 34, Presentation of interim reports, as approved by the EU and Danish financial reporting requirements for public listed companies.

In our opinion, this interim report provides a true and fair view of the Group's assets, liabilities, and financial position as of 31 March 2010 and of the results of the Group's activities and cash flow for the period 1 January to 31 March 2010.

In our opinion, the management's review provides a true and fair presentation of the development of the Group's activities and financial situation, the results for the period and of the Group's financial position as a whole as well as a description of the essential risks and factors of uncertainty which the Group is facing.

Haderslev, 26 May 2010

Management Board

Jesper Arkil  
*(Managing Director)*

The Board of Directors

Niels Arkil  
*(Chairman)*

Hans Schmidt-Hansen  
*(Deputy Chairman)*

Walther V. Paulsen

Birgitte Nielsen

Per Kjærsgaard