ARKIL HOLDING A/S | ANNUAL ACCOUNTS 2010

ARKIL

Arkil Holding A/S
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Comp. Bus. Reg. No. 36 46 95 28

Founded 1955

Management Statement and Auditors' Report

Directors' Report

Consolidated Accounts and Annual Accounts 1 January – 31 December 2010

Other Information

Annual General Meeting:

The Annual General Meeting will be held on
Wednesday 27 April 2011 at Hotel Harmonien, Haderslev, Denmark.

ENDORSEMENT BY THE BOARD

The Board of Directors and Executive Board have this day examined and approved the Annual Report for 2010 for Arkil Holding A/S.

This annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish reporting requirements for the submission of annual reports for public listed companies.

In our view the annual report provides a true and fair view of the assets and liabilities of the Group and parent company and their financial position as of 31 December 2010, and of the result of their activities and cash flow for the financial year 1 January – 31 December 2010.

In our view the Director's report gives a true statement of the development in the Group's and the company's activities and economic conditions, the result of the year and the company's financial position and the financial position in general for the companies included in the consolidated accounts, as well as a description of the most significant risks and the factors of uncertainty which the company is facing.

We recommend that the Annual General Meeting should adopt the Annual Accounts and Consolidated Accounts.

Haderslev, 23 March 2011

The Executive Board

Jesper Arkil
(Managing Director)

The Board of Directors

Niels Arkil
(Chairman)

Hans Schmidt-Hansen
(Deputy Chairman)

Birgitte Nielsen

Walther V. Paulsen

Per Kjærsgaard

Arkil head office, Haderslev

The following is a translation of an original Danish document. The original Danish document shall be the governing document for all purposes, and in case of any discrepancy the Danish wording shall be applicable.

RECOMMENDATIONS OF THE INDEPENDENT AUDITOR

To the Shareholders of Arkil Holding A/S

We have audited the Consolidated Accounts and the Annual Accounts for the 1 January – 31 December 2010 financial year, page 37-101. The Consolidated Accounts and the Annual Accounts comprise of accounting policies applied, income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as the Company. The Consolidated Accounts and the Annual Accounts have been prepared in accordance with International Financial Reporting Standards as approved by the EU and Danish reporting requirements for public listed companies.

In connection with the audit we have read the management's review, which has been prepared in accordance with Danish reporting requirements for public listed companies, and have made a statement in this respect.

Management's responsibility

The management is responsible for drawing up and preparing Consolidated Accounts and Annual Accounts that give a true and fair view in accordance with International Financial Reporting Standards as approved by the EU and Danish reporting requirements for public listed companies. This responsibility concerns the design, implementation and maintenance of internal checking procedures relevant to the

drawing up and preparation of Consolidated Accounts and Annual Accounts that give a true and fair view, without any material faults or omissions, regardless of whether these material faults or omissions are the result of fraudulent acts or faults, as well as the choice and usage of an appropriate accounting policy and accounting estimates that are reasonable under the circumstances. Further, the management is responsible for preparing a management's review that gives a true and fair picture in accordance with the Danish reporting requirements for public listed companies.

Auditors' responsibility and the audit

It is our responsibility to express our opinion on the Consolidated Accounts and the Annual Accounts on the basis of our audit. We have performed our audit in accordance with Danish auditing standards. These standards require that we comply with ethical requirements and plan and execute the audit with a view to achieving a high degree of certainty that the Consolidated Accounts and Annual Accounts do not contain material faults or omissions.

An audit includes measures taken to obtain audit evidence for the amounts and information stated in the Consolidated Accounts and the Annual Accounts. The measures chosen are dependent on the auditors' assessments, including the assessment of the risk for material faults or omissions in the Consolidated Accounts and the Annual Accounts, regardless of whether the material faults or omissions are the result of fraudulent acts or faults. When making the risk assessment, the auditors consider internal checking procedures relevant to the company's drawing up and preparation of the Consolidated Accounts and the Annual Accounts that gives a true and fair view, with a view to designing auditing procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal checking procedures. An audit also includes an assessment of whether the accounting policies used by the management are appropriate, whether the accounting estimates used by the management are reasonable as well as an assessment of the overall presentation of the Consolidated Accounts and the Annual Accounts.

In our opinion that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit did not give rise to any qualifications.

Conclusion

In our opinion, the Consolidated Accounts and the Annual Accounts give a true and fair view of the Group's and the company's assets and liabilities and financial position as at 31 December 2010, as well as of the result of the Group's and the company's activities and cash flow for the 1 January – 31 December 2010 financial year, in accordance with the International Financial Reporting Standards, as approved by the EU and Danish reporting requirements for the annual reports of public listed companies.

Comments on the Management's review

In accordance with the Danish Company Accounts Act we have read through the Management's review. No further actions have been taken in addition to the audit of the Consolidated Accounts and the Annual Accounts. Based on this we find that the information in the Management's review is in accordance with the Consolidated Accounts and the Annual Accounts.

Haderslev, 23 March 2011

KPMG
Limited partnership company of state-authorised public accountants

Per Gunslev
State-authorised public accountant

Thorbjørn Bruhn
State-authorised public accountant

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Comp. Bus. Reg. no.: 36 46 95 28
Founded 1955
Situated: Haderslev

The Board of Directors
Manager Niels Arkil, Haderslev, Denmark
(Chairman)
Manager Hans Schmidt-Hansen, Haderslev, Denmark
(Deputy Chairman)
Director Walther V. Paulsen, Hellerup, Denmark
Manager Birgitte Nielsen, Switzerland
Manager Per Kjærsgaard, Kolding, Denmark

The Executive Board
Managing Director Jesper Arkil

Auditors
KPMG
Limited partnership company of state-authorised public accountants

Bank
Nordea Bank, Haderslev Branch, Denmark

Annual General Meeting
The Annual General Meeting will be held on 27 April 2011 at Hotel Harmonien, Haderslev, Denmark

Board of Directors' and Executive Board's other managerial posts in other companies:

Jesper Arkil
Managing Director
Born 1974
Education: MSc in Business Administration and Computer Science
Chairman of the Board of:
The Road Building Section, Dansk Byggeri
Member of the Board of:
Ellen and Ove Arkil's Fond
The Asphalt Industry
The Export Section, Dansk Byggeri

Niels Arkil
Chairman
Born 1939, on Arkil Holding Board of Directors since 1962
Education: Graduate Engineer
Chairman of the Board of:
Ellen and Ove Arkil's Fond

Hans Schmidt-Hansen *
Deputy Chairman
Born 1943, on Arkil Holding Board of Directors since 2003
Education: Engineer
Chairman of the Board of:
Union Engineering A/S
BJ-Gear A/S
HM Systems A/S
Flonidan DC A/S
Door Holding A/S
Collamat AG, Switzerland
Member of the Board of:
Agena A/S
HusCompagniet as
Graversgaard Invest A/S
SME Invest A/S

*Walther V. Paulsen **
Born 1949, on Arkil Holding Board of Directors since 2007
Education: Master of Business Economics
Chairman of the Board of:
Hotel Koldingfjord A/S
Deputy Chairman of the Board of:
Brdr. Hartmann A/S
C. W. Obel A/S
Member of the Board of:
Investeringsforeningen Danske Invest
Det Obelske Familiefond
Dan-Ejendomme Holding A/S
Dan-Ejendomme A/S
Dan-Ejendomsinvestering A/S
Sanistål A/S

Per Kjærsgaard
Born 1942. Member of Arkil Holding Board of Directors since 2008
Education: Engineer

*Birgitte Nielsen **
Born 1963, on Arkil Holding Board of Directors since 2007
Education: HD (R), HD (U) (Graduate diplomas in Bus. Ad.)
Member of the Board of:
Novenco A/S
Buy Aid A/S
Finansiel Stabilitet A/S
Storebrand ASA

** Independent member in accordance with Corporate Governance*

THE FOUNDATION FOR ARKIL

With the eagerness to create close at heart, Civil Engineer Ove Arkil founded Arkil in 1941. Despite turbulent and difficult times, he managed to create a viable foundation for the company after the War, not least due to the building of air bases for the Danish military and by expanding the road network – first in Denmark and later on in Germany.

Today, the company is now among the largest contractors in Denmark with approximately 1,700 employees and a revenue of DKK 2.1 billion in Denmark and abroad. The management of the company has been in the hands of the family for 3 generations. The company was listed on the Copenhagen Stock Exchange in 1978, and today the power to bind the company is held by a professional Board of Directors applying corporate governance in accordance with the requirements for public listed companies.

The head and the heart at the right place

For Arkil, it all revolves around the client and the project. We know that the foundation of our work is created by the client's wishes and needs. When meeting our employees, our clients need to feel that people with both the head and heart at the right place – since these long-term relations and good cooperation with the clients are the key factor to success in the long run. Projects that are carried out in the spirit of good cooperation will become good projects and increase the possibility of a thriving spirit. The wheels are turning, the production is running smoothly, and practical solutions to even complicated professional and technical issues are a welcome part of the order of the day.

In other words, it is essential for Arkil to demonstrate responsibility for the work we carry out, the cooperation we enter into and the community, which we are a part of. This has been essential for the company's core values for generations, and this will also be the approach to the challenges which we face in the future.

Core competences and interpersonal skills

Arkil disposes of an experienced staff of more than 1,700 persons in Denmark and abroad as well as extensive and up-to-date machinery with equipment such as belt excavators and lifting gear, ramming machines, drilling equipment, bulldozers, graders and other large construction equipment. Further, the company disposes of an extensive amount of smaller and middle-sized equipment for carrying out ordinary construction tasks as well as both small and large specialised tasks. Together with the company's fleet of laying-out machines, a total of 14 asphalt plants in Denmark, Germany and Ireland are the foundation for the company's production and laying out of asphalt. Furthermore, at a factory in Sweden, Arkil produces the market's best so-called "sewer sock" for renovation of piping without digging, which is sold to partners and installation contractors in Europe.

Construction

Construction activities, which are carried out on the Danish and Northern German market, hold many decades of experience with carrying out all types of construction and infrastructure tasks, including comprehensive state motorway tasks, bridge-building tasks, cofferdams and underground structures, railway tasks, land development tasks, road and sewerage tasks, cable and supply tasks, etc. Arkil holds core competences within a wide range of disciplines in the construction area, including handling and processing of soil pollution within the field of environmental engineering activities, high voltage cables and electrical infrastructure and concrete constructions for many different purposes. Throughout the years, the project managers within this activity have gained a

solid experience in managing complicated infrastructure projects, in which many professional disciplines need to work together, and we are among most experienced in the industry within expanded forms of cooperation, such as partnership and early procurement. Furthermore, cooperating with local and regional clients and owners for many years have resulted in today's division structure, tailored to deliver construction and supply cables to the local and municipal demand as well. Within the construction area Arkil cooperates with larger and international players on standalone projects, where the size and complexity of the project justify this.

Asphalt

The asphalt area, covering the Danish and Northern German market as well as a part of the Irish market, conducts asphalting tasks for all types of road projects and offers a number of special products, e.g. covers with special requirements in respect of strength and constancy as well as noise-reducing wearing course (SRS), which will limit the noise pollution from traffic. Asphalt production and asphalting have been ISO certified, just as production and laying-out have been certified according to international standards as regards the environment and the working environment. In recent years, comprehensive investments have been made in technology to use recyclable asphalt with a view to achieving environmental savings. Furthermore, Arkil participates in development work to contribute to improving asphalt surfaces and reduce the environmental impact from the production. On several occasions, Arkil Asphalt has participated in large projects in Denmark and abroad, and has gained experience with asphalt surfaces in difficult environments, including Thule Air Base in north-western Greenland.

Road Servicing

Within Road Servicing, Arkil is one of the leading operators on the market for state and municipal road tasks, including maintenance of a large part of the Danish motorway network as well as contracts with local governments. The activities cover many different services, including lawn mowing, maintenance of bridges, cleaning of areas and picnic areas, exchanging of crash barriers and road signs, maintenance of green spaces and parks, etc. These tasks require a special cooperation between the public orderer and the private supplier, with a large

Safety at site is discussed

knowledge of the client's road network and the condition of the road network. Development has shown that outsourcing of the local tasks within the road sector will mean savings and streamlining for the municipalities, but this is influenced by political views and ideologies blurring the picture. In Road Servicing, we have gained good experience with taking over public parks and road activities, ensuring a smooth transition to the private sector for the employees while taking the client's needs into consideration.

Foundations

Foundations activities cover a wide range of specialities throughout Denmark and to some extent in Northern Germany. Arkil Foundations is one the well-established operators on the market, and the main activities are ramming of reinforced concrete piles, sheet piles and mini piles, driving of sheet pile walls, establishing of permadisplacement piles, drilled foundations as well as post-foundation tasks. The tasks are mainly carried out for external clients, but more and more frequently this activity is included in the Group's other core competencies in large projects, and, thus, helps to ensure the Group an increasing own production and better control of the overall process in this type of projects.

Piping

In the Piping Segment, one of the best specialised products on the market for renovation without digging is produced at a factory in the northern part of Sweden. Installation is carried out by partners throughout Europe, but Arkil has its own installation activity in Germany in the form of Arkil Inpipe GmbH. This concerns a so-called "sewer sock" manufactured of armoured glass fibre that uses light in the hardening process, which is an environmental-saving technology. The product has an especially high E-module, which gives a large structural strength even at thin material thickness. Apart from renovation of sewers, this product is especially suited for securing and renovation of subways of larger dimensions beneath e.g. roads and railways, where the increased rainfall means increased risk of the foundations being washed away.

PHILOSOPHY

The development in the future depends on whether our society can build up a solid foundation, that you can live in a healthy environment and on a well-functioning infrastructure.

At Arkil, we build bridges, do cable work and establish connections. We clean polluted soil, construct sewers and deliver a cleaner environment. We build up plants from the start, build up the foundations, produce the asphalt and pave the way. We take care of the road once it's built and maintain the high standard.

Arkil is based on the future, and our motto is "Quality on time".

Geographic area

The company offers services on both the domestic market as well as on the market abroad. The domestic market comprises of Denmark, Northern Germany, Ireland and Sweden. The market abroad comprises of the rest of Northern Europe as well as standalone infrastructure projects abroad. The domestic markets are, however, the foundation of the company's activities abroad and should be prioritised as such.

QUALITATIVE OBJECTIVES

Arkil wishes to:

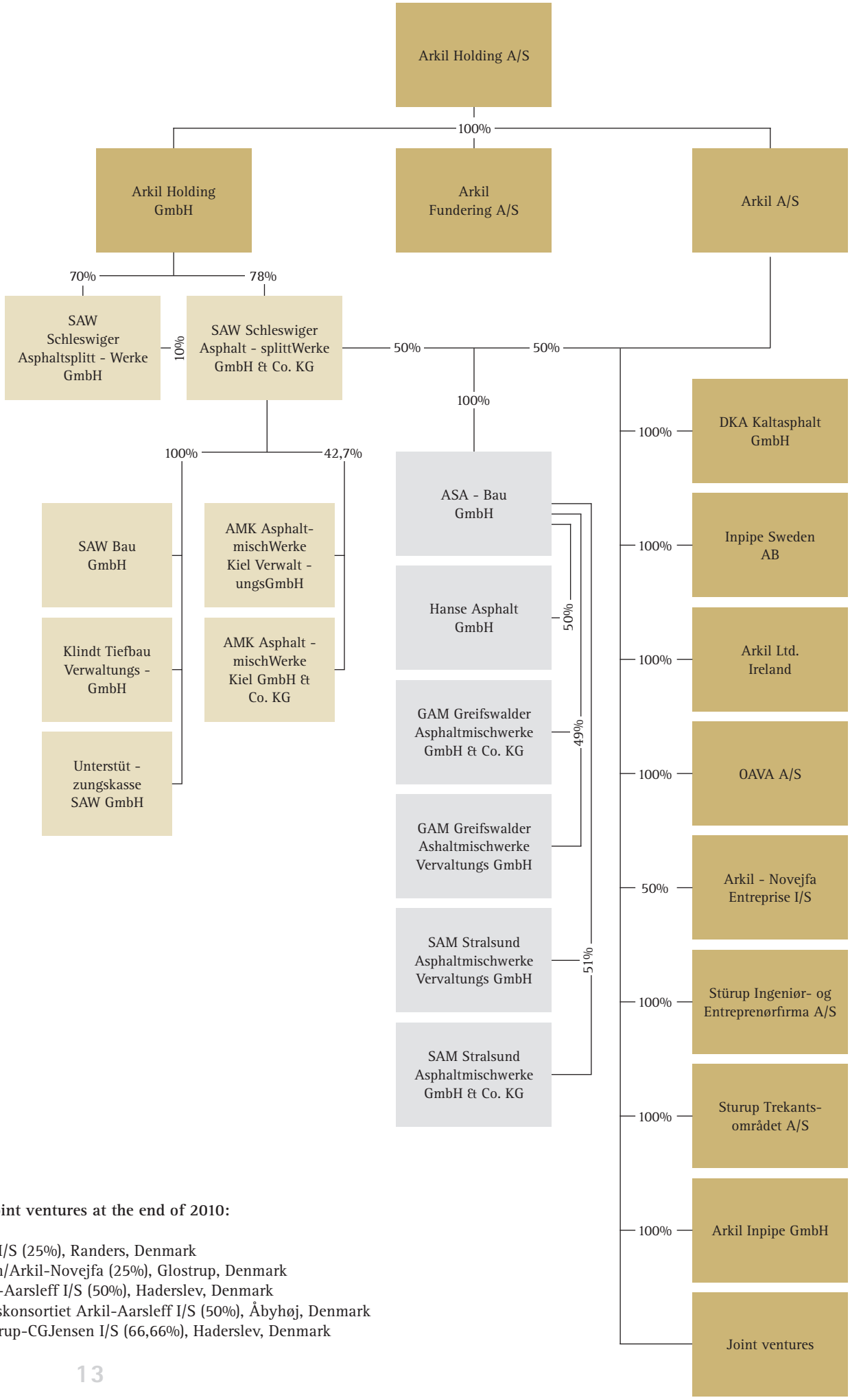
- Be regarded as a company with professional competency and a good form in a cooperative environment of high credibility and integrity.
- Be decentralised with delegated responsibility, great flexibility and cross-disciplinary cooperation.
- Further train the employees in order to maintain and increase professional competency at all levels.
- Maintain a strong professional community between colleagues with an open and well-functioning communication.
- Demonstrate a high level of dedication, consideration and risk consciousness in our activities.
- Maintain a strong, central financial control.
- Remain an independent company.
- Be a safe workplace and constantly work on improving the safety of our employees.
- To engage in the surrounding society, which we are a part of, through social awareness, technological development and limiting the environmental impact.

QUANTITATIVE OBJECTIVES

- A contribution ratio of at least 5% measured for primary activities.
- A financial solidity of at least 35.
- A return on the company's equity of 25% higher than the interest rate on the long-term debenture market, however, at least 8%.
- An organic growth of at least 5% per year, taking into account at all times that earnings should be given a higher priority than revenue.
- A return on capital employed of at least 10% of invested capital (ROIC).
- Earnings per share of at least DKK 175 per share of DKK 100.

- Revenue decreased 2.8% to DKK 2,061.9 million.
- Primary operating profit was DKK -44.2 million.
- Pre-tax profit was DKK -47.2 million.
- Net profit for the year after tax was DKK -27.5 million.
- It is suggested that no dividend be paid to the shareholders for 2010.
- In 2011 we expect revenue of around DKK 2.3 billion and a pre-tax profit between DKK 10 and 30 million.

ARKIL HOLDING **Group Structure**



Project joint ventures at the end of 2010:

Danorail I/S (25%), Randers, Denmark
Hoffmann/Arkil-Novejfa (25%), Glostrup, Denmark
J.V. Arkil-Aarsleff I/S (50%), Haderslev, Denmark
Motorvejskonsortiet Arkil-Aarsleff I/S (50%), Åbyhøj, Denmark
Arkil-Stürup-CGJensen I/S (66,66%), Haderslev, Denmark

Operating figures (DKK million)	2010	2009	2008	2007	2006
Income statement					
Revenue	2,061.9	2,121.5	2,358.3	2,077.5	1,952.5
Primary operating profit	(44.2)	46.0	115.2	126.5	55.5
Profit/loss from financial items	(3.0)	(3.1)	(13.4)	(6.4)	74.1
Profit/loss before tax and minority interests' share	(47.2)	42.9	101.8	120.1	129.7
Annual profit	**(27.5)**	**26.2**	**72.5**	**98.5**	**111.6**
Balance Sheet					
Long-term assets	677.9	623.2	649.6	587.3	573.5
Short-term assets	792.3	820.5	819.3	803.5	721.4
Total assets	**1,470.2**	**1,443.7**	**1,468.9**	**1,390.8**	**1,294.9**
Share capital	49.1	49.1	49.1	49.1	49.1
Total equity	**645.6**	**682.5**	**662.5**	**599.3**	**516.2**
Long-term liabilities	330.7	300.8	327.4	324.2	338.7
Current liabilities	493.8	460.4	479.1	467.3	440.1
Total obligations	**824.5**	**761.2**	**806.5**	**791.5**	**778.7**
Cash flow statement					
Cash flows from operating activities	88.6	149.6	103.6	178.5	72.8
Cash flows from investing activities	(113.7)	(59.7)	(102.0)	(78.9)	16.4
Cash flows from financing activities	(13.2)	(49.1)	(14.6)	(64.3)	(55.6)
Total cash flow	**(38.3)**	**40.7**	**(12.9)**	**35.3**	**33.6**
Investment in tangible fixed assets	(109.5)	(64.4)	(131.6)	(100.3)	(99.9)
Key figures					
Profit ratio	(2.1)	2.2	4.9	6.1	2.8
Return on net assets (ROIC)	(3.5)	3.9	9.2	10.9	5.1
Liquidity ratio	160.4	178.2	171.0	171.9	163.9
Equity ratio	43.9	47.3	45.1	43.1	39.9
Return on equity	(4.1)	3.9	11.5	17.7	24.1
Average number of employees	**1,623**	**1,750**	**1,722**	**1,431**	**1,438**

These key figures have been presented in accordance with the Danish Society of Investment Professionals' "Recommendations & Key Figures 2010".

FINANCIAL DEVELOPMENT OF THE GROUP

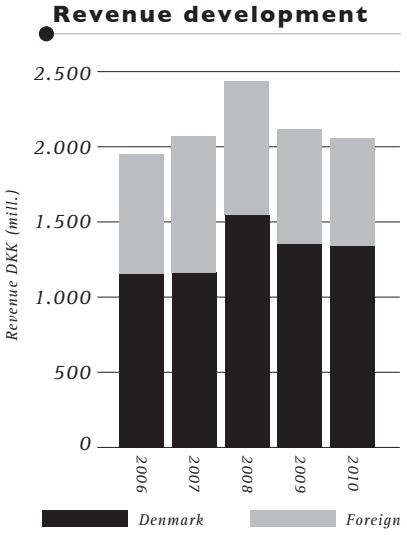
The Arkil Group's revenue for 2010 saw a decrease of 2.8% to DKK 2,061.9 million, compared to DKK 2,121.5 million in 2010. Foreign revenue was DKK 717.9 million, compared to DKK 765.7 million in 2009.

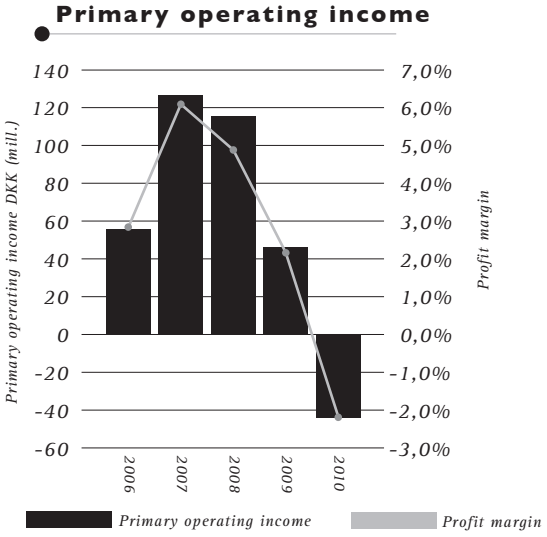
The consolidated profit before taxes for the 2010 financial year was DKK 47.2 million, compared to DKK 42.9 million in 2009, which is slightly better than the most recently declared expectations in the Stock Exchange announcement of 24 November 2011 of around DKK -50 million. The profit announced in the 2009 annual report forecasted an expected pre-tax profit for 2009 somewhere between DKK 20-40 million.

The difference compared to last year can be attributed partly to the long and hard winter in the first quarter of the year, which lead to significant losses in turnover and earnings, and partly to the lower realised earnings on completed projects as a consequence of the market conditions within the Group's markets as well as a realised loss in the activities acquired.

Primary operating profit was DKK -44.2 million, compared to DKK 46.0 million in 2009.

The annual profit after tax was DKK -27.5 million, compared to DKK 26.2 million in 2009.





Equity at year-end 2009 has been adjusted by DKK -14,9 million based on the value of work in progress at year-end. The reason for this is a head of department in the subsidiary ASA-Bau, Germany, throughout a period extending over the turn of the year has "covered up" the accounts by manipulating the value of work in progress in order to hide lack of performance in the department. This was caught by the Group's control procedure, and the extent has subsequently been verified by the Group's auditors, KPMG.

DIVIDEND TO SHAREHOLDERS

The Board recommends to the Annual General Meeting that no dividend be paid to shareholders 2010. In 2009 a dividend of 15.0% of the share capital of DKK 49.1 million, a total of DKK 7.4 million, was paid to the shareholders.

EXPECTATIONS FOR 2011

The economic trend in the construction sector in Denmark continue to be very low, but 2010 seems to have marked the bottom in the level of activities, and in general there is a conservative expectation of things beginning to turn back to normal in 2011. A significant factor having a great impact on 2010 is the winter, which again in 2011 was very tough. The company's Danish construction and foundation activities are affected directly, but the volume of orders combined with reductions and structural adjustments gives rise to expectations of improved earnings and activities in 2011. The activities within state infrastructure projects are increasing and in the long term this will be a large activity in the industry. The foreign companies' entry of the Danish market within these types of projects means, however, that there continues to be an overcapacity at the Danish contracting companies. This curbs the otherwise positive expectations in respect of employment and development in activities in the long term. A factor which has an influence on this is the uncertainty among Danish contractors as to whether the largest Danish developers will put the largest projects out for tender in Denmark in such a form and on such conditions that the Danish companies will have a chance to compete with the foreign companies.

The volume of asphalt laid out in Denmark in 2011 is expected to be at a relatively high level, not least due to the Danish Road Directorate's investment in maintenance of asphalt. However, in spite of the significant degradation of the road network in the municipalities it is expected that investments will continue to be low. It is obvious that a political paradigm shift is required in order for this irresponsible administration of the society's road capital to stop. The skyrocketing of bitumen prices in 2010 has continued 2011, and this affects the cost level on asphalt significantly. A prerequisite for a positive development within this area of activity is that these costs be covered by indexation and price increase to a significantly larger extent than was the case in 2010. A positive effect of these increasing prices on oil an bitumen is, however, that the profitability of the company's investment in both energy savings and recycling on the asphalt plants will improve – to the benefit of both earnings and the surrounding society.

In Road Servicing it is expected that the level of activity will increase as a consequence of supplemental ordinary road maintenance as well as municipal tendering. As maintenance of the state road net takes place based on multi-annual operating servicing contracts, it is expected that this significant area of activity will be by and large unchanged in terms of both activity and earnings.

In Germany, the apparent strength of the economy leaves room for certain optimism for the asphalt industry, which is the central point in the company's German activities. Also in Germany, the effect of frost and cold is seen on the condition of the road net, and even though the "state of market packages" have elapsed, it is expected that money will still be spent on necessary road maintenance in the separate federal states. Also in Germany, adaptation initiatives have been carried out. The over capacity has been reduced by amalgamating two asphalt plants in Rostock, and investments in recycling facilities have improved competitiveness at, amongst others, the asphalt plant in Jagel Slesvig. Overall, the volume of orders has increased in relation to the same time last year, and even though asphalt and construction are characterised by a large price pressure and technical willingness to take risks, especially in respect of larger projects, there is a probability that activities and earnings will be improved compared to 2010.

Also in 2011, the very difficult financial situation in Ireland gives rise to negative expectations in respect of activities and earnings. Public investment in roads must be expected to be kept at an absolute minimum. This is also the situation for construction activities – which again affects sale of materials from the

company's three quarries. The organisation has been adapted to a minimum in respect of expectations to activities, and an economic recovery in Ireland is still far into the future. The condition of the secondary road net leaves much to be desired, and this confirms that there will be a significant need for road investments in order to ensure future growth and development in society once the crisis goes down.

It is expected that Piping activities in both Sweden and Germany will continue the positive trend in 2011 with improved profitability both at the factory in Sweden – which delivers relines to partners in Scandinavia and the rest of Europe – as well as installation activities in Germany. The volume of orders is increasing in relation to previous years, and the demand for special products to be used for special purposes has shown a positive trend. This is an area that put special demands to the product's quality, strength and installation technique and is well suited for Inpipe reliners. Both this and the more traditional areas of business are very competitive, and a continued development in development of quality and production methods will be in focus.

Expectations for 2011 for the Group as a whole are summed up by the fact that the market situation continues to be characterised by recession and the continued overcapacity on some of the most significant areas of business – despite adaptation both internally and within the industry as a whole. However, the level of activities is expected to increase, and with an improved profitability as a consequence of higher productivity as well as expectations of a better price formation compared to 2010. Crucial for the development is – just as in 2010 – the duration if the winter, investments in infrastructure from both state and municipalities and the general political willingness (and the financial room to manoeuvre) to invest in the countries in which the company operates. The latter is currently one the most significant causes for uncertainty regarding expectations for 2011.

In 2011 we expect revenue of around DKK 2.3 billion and a pre-tax profit between DKK 10 and 30 million.

Form and reinforcement work on foundation for fauna passage

ROADS SEGMENT

The greater part of the Arkil Group's revenue comes from the Roads segment. The Roads segment is divided into three activities:

- Construction
- Asphalt
- Road Servicing

Construction

Order stock at the beginning of 2010 was significantly lower than normally in construction. During the last months of 2009 the company was not able to build up an order stock that could ensure a stable production from the start of the new year. With the general recession on the market continuing throughout 2010 – leading to excess capacity and increased price competition within the construction area – made 2010 an especially difficult year.

Construction activities can be divided into the following areas of business:

- Traditional construction work
- Infrastructure, major projects and special tasks
- Cable and supply work
- Soil-decontamination work
- Railway work
- Bridge construction and concrete constructions

A strong winter during the months of January, February and March with frost and a lot of snow complicated the start up of current projects, which meant that construction could not utilise its production facilities to a full extent. At the same time, the fact that it was difficult to win new contracts lead to revenue only reaching the expected level in June.

Price competition within all of our areas of business has been tough throughout 2010, which has meant that earnings have been under pressure. Especially the traditional construction work – cable and supply work as well as railway work – has seen a lot of pressure due to lack of tender. Especially the municipalities and the utility companies have been very reluctant to invest.

Within major projects and special tasks as well as bridge building and concrete constructions there has been an increase in tendering activity throughout 2010. However, the volume of tendering has not lead to an improved competitive situation since several new participants have shown up. Large international companies show interest in the Danish market, but also Danish construction companies show an increased interest in the construction market.

Of major tasks in 2010 can be mentioned completion of a waste water system in Dalum for Vand Center Syd in Odense, completion of the motorway project Søften- Skejby at Århus as well as Holbækmotorvejen at Roskilde, both for the Danish Road Directorate. One of Arkil's areas of speciality is laying out of large cables. In 2010 we completed laying out of 132 KV and 150 KV cables for i.e. NV – net, SEAS NVE as well as Energinet.DK. In Århus we have started up the project Åhavevej for Århus municipality – the first phase of leading the southern motorway from Viby Ringvej and down to Marselistunnelen. This will lead the heavy traffic to Århus Havn. The project is carried out in joint-venture with C.G.Jensen and includes several new railway and road bridges as well as approx. 1.5 km of new motorway.

In 2010 Bro & Beton has continued bridge renovation works on Langelandsbroen, the fixed link across the Little Belt as well as Svendborgsundbroen. Moreover, a large renovation of Limfjordstunnelen has been carried out; a very complicated renovation that had to takes place at night due to total closing of the tunnel tubes. Furthermore, several new constructions of bridges all over Denmark have been carried out.

Also in 2010 Construction has had quite a few contracts where Arkil's areas of specialization has been a part of the task, which has made it possible to carry out this work by own production. The tasks have been of such a nature that the competences within construction, asphalt, foundation and road services could be combined into one solution to the full satisfaction of the client. The type of projects are often carried out as a turnkey project, early procurement or partnership, where the contractor is often involved at an early stage of the project, a project form which Construction will prioritise in future cooperation with clients.

On 1 July 2010 Arkil A/S purchased all shares in Stürup A/S, Esbjerg and Arne Hansen A/S, Fredericia. This purchase was in accordance with Arkil's strategy plan to strengthen areas of growth, which both Esbjerg and Trekantsområdet is expected to become. As of 1 January 2011 both companies have been merged into Arkil in order to achieve the best possible synergy between the acquired companies and Arkil A/S.

The volume of orders in Construction is normal for the time of year at the beginning of 2011. Construction activities within large projects, laying out of high voltage cables, new building and renovation of bridges as well as within the sewerage area are expected to increase in 2011, whereas activities within the municipal areas are expected to be on the same level as in 2010 at best.

Asphalt

The total asphalt production in 2010 was 679,000 tonnes, as against 710,000 tonnes in 2009.

Overall, Asphalt achieved revenue in 2010 which is significantly lower than expected at the beginning of the year and realized in 2009. This should be seen in light of the development on the markets mentioned below.

Denmark

From the start of the year it was expected that the demand for asphalt would increase as a consequence of the hard winter making the large backlog on maintenance of the road network. This was also the case on the state road network, where replacement of wearing course gathered speed after the winter – not least by expansion of existing multi-annual maintenance contracts between different suppliers of asphalt and the Danish Road Directorate. At that time, the Arkil Group was not involved in such contracts, and, thus, not part of the expansion of activity. Besides lack of activity, the long winter also meant delays in municipal tenders, apparently as a consequence of budget problems, and the subsequent tenders were in cases significantly reduced. The lack of demand lead to a significant price sliding on the market, which show no consideration for bitumen costs. Moreover, the same favourable conditions for obtaining bitumen as the Group experienced in 2009 have not prevailed in 2010.

In the last third of the year we succeeded in increasing the volume of orders for the remaining municipal tenders, of which quite a few could not be finished as a consequence of snow and frost already at the of November. Thus, this volume of orders is transferred to 2011.

Despite the market situation the year has seen some interesting projects, included "armed asphalt" on the motorway at Nyborg in connection with an optimization of the road surface under the motorway bridges, as well as the continuation of the road surface task in the Group's own motorway project on connection of Djurslandsmotorvejen to E45 at Århus Nord.

Technique and environment also saw a positive development. The Laboratory's development of noise-reducing wearing course (SRS) has given interesting results on several trial stretches in cooperation with the customers – an area of increasing awareness for society. The modernisation of the plant in Skive has increased efficiency and reduced the environmental impact as consequence of energy optimisations. With the investment in 2010/2011 in a new mixing tower with increased possibilities for recycling at the plant in Århus, the Group takes yet another step towards ensuring a better economy and reducing the environmental impact from the Group's plants. Handling of milled-off asphalt is an increasing challenge within

the industry, and recycling of new in new asphalt layers is one of most obvious response to this.

Germany

The winter also had a significant impact on activities and earnings on the Group's German markets. Also in these markets the uncertainty in respect of demand gave rise to a price development in conflict with the increasing costs of raw materials, with a lower result as a consequence. In the construction division in Stralsund, which is part of the subsidiary ASA-Bau, as previously mentioned extraordinary depreciations had to be made as a consequence of incorrect assessment of work in progress. This resulted in a negative result and correction of previous accounting years. Consequently, the reporting and control procedures for this company has been tightened.

At the start of the year a number of adaptations were made to meet market development. This includes sale of the asphalt plant north of Berlin, amalgation of two asphalt plants north of Berlin, amalgation of two asphalt plants in Rostock as well as a changed structure in the asphalt plants in Wismar and in Schwerin. The objective of the adaptations was to reduce over-capacity, increase effectivity and reduce costs in the future. However the full effect of this is expected in 2011.

The activities within the construction area have been satisfactory, however at lower prices due to the market situation. The share of projects of a slightly bigger nature is increased, which gives rise to more possibilities – but also more risks. Moreover, several interesting asphalt projects were carried out during the year, including exchanging of the wearing course on Autobahn A7 north of Schleswig, delivery and laying out of asphalt in connection with the OPP project on highway L192 just south of the Danish border, as well as carrying out of construction and asphalt tasks at the NATO air base in Jagel. The use of recyclable asphalt has increased competitiveness and reduced the environmental impact at the asphalt plant in Jagel; and with parallel drums at the plant in Jagel, Germany, and in Skrydstrup, Denmark, the Group has become a leader within recycling of asphalt in Southern Jutland and Schleswig-Holsten.

Ireland

At the beginning of the year it was expected that activities would increase slightly in 2010, with a resulting operating profit. An increase in activities was seen for the year, however, without having a positive effect on the bottom line. The reason for this is especially that the market situation does not give room for covering the rise in costs of raw materials, which was the case in both the Danish and German market. And, as was previously the case in Denmark, the road area is of the preferred areas when finding cuts in public budgets. The Group's activities in Ireland are relatively modest, comprising of two asphalt plants and three quarries, geographically placed in Kildare in Dublin, Cork in the southern part of the country as well as in Kerry on the southern west coast.

The year has seen an almost total lack of large projects, not least at the largest plant in Kildare west of Dublin, just as long awaited investments in Kerry in respect of sea defence and improved road access to the area have been deferred again. However, the fact that we have succeeded in turning the fall in activities strengthens the expectations that the activity level will rise, and that the long journey back to normal conditions can begin – provided that no further financial restrictions are carried out to get the country straight.

At the plant in Cork they have succeeded in positioning themselves and subsequently winning a couple of contracts of a slightly larger nature on the primary road net around Cork – with both delivery of stone materials for building and subsequent asphalt source for the national road authority NRA (National Road Administration). Moreover, NRA presented a set of tightened rules and demands to contractors, who wish to participate in NRA's tenders. Arkil Ltd. was among the first companies to implement these demands.

It is obvious that the country's financial hinders the short-term possibilities. A reduction of capacity in the market is taking place, and there is an increased focus on security of supply, not least by the public customers – and this can be of benefit for Arkil Ltd. In the long run the need for investments in the secondary road net is still pronounced, and a gradually turning back to normal development in the society is, thus, naturally followed by an increase in investments in the road net.

Road Servicing

Road Services has succeeded in increasing the level of activities, and has – as one of the only business areas also increased earnings – partly due to optimisation of work carried through and the synergy effect from supplemental activities.

It is characteristic for the activities within road servicing activities that they are carried out on multi-annual operating servicing contracts for state and municipalities. Again this year there has been an increase in activities on the public road net, not least on Sealand, and on the internal lines work has been carried out in respect of better utilisation of resources combined with a restrictive investment policy – for the benefit of profitability.

Throughout the year several interesting projects have been carried out within both new and existing business areas. Thus, several closing tasks have been carried out – both own production on the Holbæk motorway and for other contractors. Moreover, a pilot project is currently carried out in cooperation with the Danish Road Directorate in respect of carrying out of still more so-called "conditions tasks. This gives more freedom to the contractor carrying out the project, but also greater responsibility for carrying out tasks in progress. The objective is to ensure a slim and efficient carrying out of projects – to the benefit of all parts. This cooperation is a fine example of a good and practical cooperation between the public and private sector.

As has been the case for several years – despite the municipalities' difficult financial situation – there has been no sign of increased tendering within municipal road servicing as a whole in Denmark. There has been significantly more debate about this subject than previously, and this seems to have an affect on politicians and public servants, who now talk about the obvious benefits of using private companies. But sometimes it takes a long time before word is followed by action, and so far there has been no significant development within this area.

The Group's activities within road servicing have been broadly positioned on the market and are now in a good position to utilise the existing and complementary areas of business both internally and externally.

For the Roads segment as a whole an increased turnover is expected in 2011, and a significantly improved earnings compared to 2010.

Financial information for the Roads segment

(DKK million)	2010	2009	2008
Revenue	1,903.6	1,943.1	2,161.9
Primary operating profit	(43.7)	40.6	105.0
Segment assets	1,315.9	1,297.2	1,315.0
Profit ratio	(2.3)	2.1	4.9
Return on net assets	(3.9)	3.9	9.5
Number of employees	1,513	1,644	1,615

FOUNDATIONS SEGMENT

Just as expected, 2010 was a difficult year for Foundations. Activities within construction showed the same low trend as in 2009, and activities within the construction area didn't improve the situation for Foundations either. The total turnover is below the level for 2009, and while the result is as expected, it is still not satisfactory.

The significant downturn in the building activity meant that it was difficult to win new projects. The market for piles that are drilled, which is closely related to construction, has seen a slight increase in 2010 – however primarily due to one larger project. Post-foundation as recognised a small decline, especially towards the year-end where it was difficult to win new projects. Turnover in Germany was at level with 2009. In cooperation with Contruction several large pile and pile sheet work projects were won – e.g. pile and pile sheet work in connection with the project Torvebyen in Køge, pile sheet work in connection with the expansion of the Holbæk motorway at Roskilde for the Danish Road Directorate as well as a comprehensive pile foundation task at Musikkens Hus in Ålborg. Thus, the projects carried out in cooperation with Construction have had a significant impact on the earnings in Foundations again in 2010, just as it has strengthened the competences of Foundation within project participation and project management. It is expected that the future will see more of these activities.

The volume of orders at the beginning of 2010 is normal for the time of year. Activities within construction are expected to rise slightly in 2011, and thus a slightly increasing revenue and a result in line with 2010 is expected.

Financial information for the Foundations segment

(DKK million)	2010	2009	2008
Revenue	**52.4**	80.6	97.0
Primary operating profit	**0.4**	0.2	7.1
Segment assets	**46.6**	44.8	52.0
Profit ratio	**0.8**	0.2	7.3
Return on net assets	**1.1**	0.5	15.6
Number of employees	**36**	35	38

PIPING SEGMENT

The Piping Segment consists of the companies Inpipe Sweden AB, Arkil Inpipe GmbH as well as Arkil Inpipe technique, which is part of Arkil A/S.

Inpipe Sweden saw a significantly higher turnover than in 2009 and the result has shown clear improvements, and development must be considered as satisfactory. Also in 2010, several of Inpipe's partners have been affected by the financial crisis, not least Ireland and Iceland. However, this market decline has been compensated by other markets, so that total sales rose considerably. The reason is a combined forces in sale of traditional liners to our current partners and continued development of sales and special products, which are often installed under demanding conditions. On the German market sale of Inpipe liners has increased through Arkil Inpipe GmbH, a development which is expected to continue at increased speed in 2011, i.e. through optimisation of the product delivered to Germany. Also Inpipe's largest liners with a diameter of up to 1600 mm in diameter for renovation under railroads and roads have continued the positive trend from 2009.

The volume of orders is normal for the time of year at the beginning of 2011, and a continued increase in turnover is expected with a decrease in the result due to price pressure on the market in general.

In Arkil Inpipe GmbH, operating on the German market, turnover was a little lower than in 2009, primarily due to a long winter, resulting in a late start up. Thus, the result has been negatively affected by the lacking turnover and must be considered as unsatisfactory. Cooperation with Inpipe Sweden has been developed further in 2010, so that both companies are well equipped to utilise the positive market in Germany for renovation of sewerage

The volume of orders at the beginning of 2011 is good, which gives rise to expectations of a minor increase in revenue and a continued improvement of results.

Society's demands and the climate change mean an increasing demand for the Piping Segment. The possibility of renovating both small and large pipes in different forms and shapes with an Inpipe-liner is estimated to be attractive on the market. Today, the Inpipe-liner gives significant benefits in both the production and installation process compared to many other products, and development continues within both quality and properties in the entire product range. Not least special products for renovation of both large and unusual drainage pipes are estimated to have the potential for growth in both existing and new markets.

For the segment as whole a continued increase and a result in line of 2010 are expected.

Financial information for the Piping segment

(DKK million)	2010	2009	2008
Revenue	**105.9**	97.9	99.3
Primary operating profit	**1.2**	(1.0)	(0.7)
Segment assets	**43.6**	43.3	42.3
Profit ratio	**1.1**	(1.0)	(0.7)
Return on net assets	**3.3**	(2.7)	(1.9)
Number of employees	**48**	45	46

INVESTMENTS AND NEW ACTIVITIES

The year's investment in tangible and intangible assets represented DKK 138.7 million, of which investment in acquisition of companies amounted to DKK 103.3 million.

In 2011, the company expects to make investments in tangible assets amounting to approx. DKK 55 million.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

No other events that could influence the consolidated accounts for 2010 have occurred since the end of the financial year.

GENERAL RISKS

The Board of Directors of Arkil Holding will assess and approve the strategic plans for the Arkil Group and for the individual business segments on an annual basis.

The Arkil Holding Group's activities, which are in the building contracting sector, involve a number of commercial and financial risks.

The Group's strategy is to apply specific risk management to minimise and identify commercial and financial risks. It is believed that the risks that the Group faces in general are no different from the usual ones facing companies in the building contractor sector.

The most important operating risk for the Group is affected in particular by its ability to be flexible, with the possibility of rapid adaptation to current market trends within the main business areas of the Group being a key factor.

The Group's customers are mainly public and semi-public authorities, which means that the number of contracts on offer will vary according to political and economic trends.

It is also the Group's strategy to set up subsidiaries abroad, in order to achieve geographical dispersion of the Group's activities, thus reducing dependence on economic trends in the Danish market.

The Group's main activities are within routine jobs involving well-known risks that can be minimised through risk management.

Large specialist contracts are usually carried out in consortia with well-known partners and specialists, which limits the risks.

Forms of collaboration based on partnerships and early procurement, in which the contractor is involved in the project before the projecting and planning phases have started, will improve the hedging of the projects.

The Group's insurance strategy involves identifying significant risks over which the Group itself has no direct influence and which may constitute a threat to the Group's financial status and existence.

The Group's financial risks are described in the notes to the annual report.

DEVELOPMENT OF PRODUCTS AND METHODS

The Group's production methods and techniques are constantly being developed, and we strive continuously to add new ones. Development takes place through the execution of the companies' various projects, in the form of collaboration with external consultants or by searching electronic media.

Arkil has focus on developing products and methods that contribute to increasing use of recyclable raw materials, reducing consumption of materials and production waste as well as energy consumption. The development activities carried through contribute to an increased competitiveness as well as an improved environment.

CORPORATE AND SOCIAL RESPONSIBILITY

The Arkil Group has always had focus on delivering production and services of a high quality, having good and long lasting customer and supplier relations, having motivated employees and living in harmony with the near environment. Corporate and social responsibility has, thus, always been an important factor for Arkil. Today, customers, contractors and other stakeholders demand to an increasing extent that Arkil's production and services take place on the basis of corporate and social responsibility – a trend which is expected to be strengthened in the years to come.

The Arkil Group carries out construction work, including asphalt production based on departments in Denmark, Germany and Ireland as well as production of Inpipe-liners in Sweden.

The Group wishes to expand its business in a way, which is both socially and financially sustainable. Apart from complying with legislation on all the plants, it is also the Group's policy to live up to ethical codex in respect of both environmental and work related conditions and avoid corruption.

The work in respect of corporate social responsibility is deeply rooted in the Arkil Group's values and is a natural part of the organisation's behaviour towards the outside world.

To an increasing extent, Arkil will make the effect of the efforts within this area visible.

The Arkil Group's codex of business principles is available on Arkil's website – www.arkil.dk.

Environmental conditions

In Arkil Holding, environmental conditions are regarded in a broad perspective, and this covers both the external environment and the working environment.

Environmental conditions are thus viewed broadly and are always part of the projects carried out in the departments and companies included in the Group. In 2010, the building and construction industry showed increased awareness and focus on working environment. This trend will also prevail in the years to come. It is therefore important to maintain constant focus and awareness on a safe environment in the company.

The departments in the Asphalt division are certified in accordance with the quality standard ISO 9001, the environmental standard ISO 14001, the working environment standard OHSAS 18001. In addition, all our asphalt products have been CE marked in accordance with DS/EN 13108. The management system is described in a handbook covering the 3 ISO standards as well as the standard DS/EN 13108. Both internal and external audits were carried out in 2010.

In 2010, the Danish Working Environment Services visited Arkil on several occasions. This included visits at building sites in connection with the Danish Working Environment Authority's control of building and construction companies, during which the companies' handling of safety at workplaces is controlled. The working environment organisation at Arkil has an ongoing dialogue and a good cooperation with the Danish Working Environment Services, where possibilities of improvement and preventive actions in respect of safety at work are discussed constructively.

Arkil has focus on increased reuse of raw materials and reduction of energy consumption to the benefit of the environment. Thus, recycling plants have been installed at several of the Group's asphalt plants.

The effort for a better environment and larger sustainability takes place on an ongoing basis in relation to customers, production and services in connection with development as well as in relation to the Group's own direct external impacts on the environment and the climate.

Safety

Arkil's working environment policy is our pledge to bring down the number of work accidents through an active and targeted effort to the Group's goal of: Zero work accidents and zero absences due to work accidents.

2010 saw new rules within the area of working environment, which is of importance for the company. There are two significant changes as well as changed requirements to the working environment course. From being a 5 days' course this is now a 3 days' course with an offer for 2 days further within the first year. Annual plans for the working environment and development of competences must also be implemented in Arkil's work on the working environment.

In 2010 the working environment organisation has focused on visiting construction sites throughout the country. Thus, the company's coordinator for working environment has visited more than 100 construction sites. All departments and all types of construction sites have been visited.

In order to support the work carried out in relation to the working environment, the Management has visited a number of work places over the summer in order to evaluate the working environment.

The Management and the coordinator of working environment have focused on safety, e.g. in relation to excavations, but also use of personal protective equipment. All this to ensure the employees in best possible way.

Despite the preventive efforts from the local working environment committees and the many visits to construction sites, there has been an increase in the accident frequency. The number of work accidents in 2010 was 47, with a total of 520 absence days. The accident frequency rose from 22 per million working hours in 2009 to 29 per million working hours 2010. It is, however, encouraging to see that the days of absence have dropped considerably. On average, there were 2.4 hours of absence per 1,000 working hours against 3.7 hours of absence per 1,000 working hours in 2009. This tells us that working accidents that happened in 2010 have been less severe than in 2009. The accident frequency is expected to be on the level of or slightly above the average within the industry.

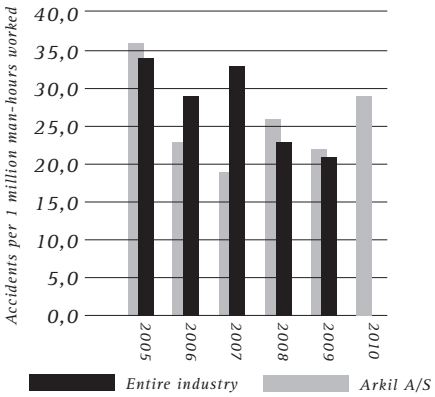
The goal still remains zero work accidents and zero absence days. Increased focus on preventive actions and strengthening of safety work in the departments are the means to achieving this goal.

Again in 2010, a working environment related courses were held, more specifically training in occupational health and the courses "Vejen som arbejdsplads" ("The Road as a Workplace") and "Pas på banen" ("Take Care on the Tracks"). All intended to raise awareness and increase focus on a safe work environment.

The trend in accident frequency rates and absenteeism due to accidents can be seen in these diagrams.

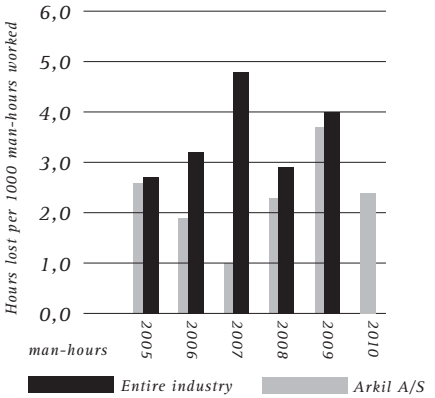
Accident frequency 2005 – 2010

Accident frequency is calculated as the number of accidents per 1 million man-hours worked.



Work absence 2005 – 2010

Absence is calculated as the number of hours lost per 1000 man-hours worked



The official 2010 numbers for the industry have not yet been published.

Sickness absence

Avoidance of sickness absence is of high priority in the Arkil Group, and the development in sickness absence is monitored closely by the Management. The development in sickness absence is analysed by the Group's Human Resource department in cooperation with the Management, and necessary measures are taken should the analyses reveal a need for this.

In 2010 the percent of sickness absence in the Danish companies amounted to 3.92%, compared to 4.43% in 2009.

Knowledge and competence

Arkil's knowledge and competence have been built up around the Group's organisation and employees.

Competency development and initiatives to recruit and maintain employees are high priorities in the Arkil Group.

The knowledge and capabilities of its employees are important elements in making it possible for the Arkil Group to make a difference. This is why every year the company invests significant resources in the maintenance and development of the employees' skills.

The staff at Arkil is dedicated and stable and possess a high level of expert knowledge on the Group's business areas.

Through the staff and educational policy that has been formulated, the Group attempts at all times to maintain and extend the knowledge and competence of the employees and to attract new, experienced employees. The knowledge and skill of our employees are nurtured and further developed wthrough both external and internal courses and through involvement in execution and management of different projects and special assignments. Direct collaboration between the Group's departments and business areas both in Denmark and abroad is being developed continuously and is helping to guarantee greater sharing of experience and knowledge.

As a natural continuation of the seminars "the road to the future" established in 2009, an internal education of managers and employees has been commenced. The education takes place within the framework of the established education at Arkil Academy. The education takes places partly internally at Arkil and partly externally at IBC with start-up in the spring of 2011.

The objective of the education is to strengthen the managers' knowledge and competences in respect of operational and strategically management targeted at Arkil's areas of business and models as well as to ensure recruitment of new managers within the organisation.

Arkil has a rota system for newly qualified engineers. The rota system is a goal-oriented procedure that will

enable the newly qualified engineers to become familiar with the Group's many different work and business areas.

The purpose of the rota system is to draw in the best engineers, who are attracted by dynamic and continous education, so that the Group can educate engineers with the right competences for the building contractor sector.

In 2010 the Group employed 1,623 members of staff, where 366 are administrative staff. 216 members of the staff have an engineering or technical background.

SHAREHOLDER INFORMATION

Share capital

Arkil Holding's share capital constitutes DKK 49.1 million, of which DKK 6.1 million is in class A shares and DKK 43.0 million is in class B shares.

Arkil Holding class B shares are listed on OMX Nordic Exchange Copenhagen, and the class B capital is distributed in shares with a nominal value of DKK 100.

Class B shares are negotiable instruments that are issued to the bearer, but can be registered in the name of the holder in the company's register of shareholders.

Class A shares are registered shares and are not negotiable instruments. Class A shares are assigned ten times the voting right of Class B shares.

The division into two share classes is established to ensure independence of the company to the benefit of the shareholders, its employees and other stakeholder groups. Furthermore, it helps ensuring a strong company culture.

The Group has not entered into any essential agreements that will be effective, amended or expire, should the control of the Group be changed following an offer for takeover.

Shareholders

All class A shares are owned by Chairman of the Board Niels Arkil and Managing Director Jesper Arkil.

Own shares

The management of the company may, in accordance with the powers of the General Meeting, permit the company to purchase its own shares up to a total nominal value of 10% of the share capital. This power is valid until 21 October 2011.

The Group's holding of own shares at the end of the fiscal year was 17,300 Class B shares, corresponding to 3.5% of the share capital. The purpose of this is to achieve flexibility in connection with future acquisitions and strategic co-operative agreements.

Market capitalisation

The stock market quotation for the company's Class B shares was 528 as per 31 December 2010, which is a decrease of 24.0% compared to the price at the end of 2009. If this price were used for the entire share capital, Arkil's total market value would be DKK 260 million.

COMPANY MANAGEMENT

The role of the shareholders and their cooperation with the company's management

The company seeks to ensure information to and a possibility for a dialogue with the Group's shareholders through regular publication of news, financial statements and annual reports as well as at the Annual General Meeting. All published information are made available to the investors on the company's website.

Furthermore, the shareholders have the possibility to communicate with the company's Managing Director and Chairman of the Board.

The Board regularly assesses the composition of the company's capital and share structure. It is the opinion of the Board that an equity share of minimum 35% is in the interest of the company and the shareholders.

The distribution of the share capital and the voting rights into share classes appears from a separate note to the annual report.

The General Meeting is the superior authority within the company. Ordinary Annual General Meetings are normally held in April.

The Board will summon to the General Meeting at least 3 weeks and at the earliest 5 weeks. The notice convening the meeting contains the agenda regarding the matters to be discussed. The Annual Report and proposals for matters to be discussed are sent to shareholders on the register who have requested this no later than 8 days prior to the Annual General Meeting. All shareholders have the right to participate and vote personally or by power of attorney as well as to propose matters to be discussed. Shareholders are able to give power of attorney to the Board for each item on the agenda.

The entire Board of Directors strive towards being present at the Annual General Meeting.

The role and significance of the stakeholders for the company as well as the company's corporate and social responsibility

The company wishes to enter into a constructive dialogue with its shareholders and other stakeholders and to maintain a high degree of transparency in communicating. Thus, policies have been drawn up for at number of focus areas as communication, staff, environment and responsibility towards customers and society as a whole.

Please see a separate statement in the annual report for a description of the company's corporate and social responsibility.

Openness and transparency

It is the Company's view that adequate and punctual information has been given to the shareholders and the financial markets is necessary in order to ensure a well-founded and fact-based valuation of the Company's assets.

The Company places great emphasise on giving all investors and other stakeholders access to information about the Company. Information to the market will be published through NASDAQ OMX in Danish and to the extent it is deemed necessary in English. Furthermore, all information will be available on the Company's website at the same time as the publication.

The tasks and responsibilities of the Corporate Management

The Board of Directors is responsible for the overall management of Arkil and for ensuring that the Executive Board work according to the objectives, strategies and business procedures that have been decided upon.

The Board convenes according to an established meeting schedule five to seven times a year, of which one of the meetings is dedicated to determining the objectives and strategies of the Group and the individual business areas. The Executive Board attends these meetings. A summons is made to extraordinary meetings should circumstances so dictate.

The Board's rules of procedure form the basis for the work of the Board. The rules of procedure are updated at least once a year.

As a natural element of its work, the board of directors discusses the Group's management processes on an ongoing basis, in order to ensure that they are essentially in accordance with international recommendations and practices and also satisfy the legal requirements of company management.

The Board of Directors has stipulated the guidelines for the Executive Board's reporting to the Board of Directors. In addition to this and in accordance with the guidelines laid down for the Executive Board's reporting to the Board, the Board of Directors receives reports on the company's situation from the Executive Board and special notifications when required. The Executive Board thereby continually informs the Board of matters such as the development and profitability, financial position and other operational matters of the business areas. The Board is informed systematically at meetings and by means of verbal and written communication.

The Board of Directors selects a Chairman and a Deputy Chairman who, together, constitute the Chairmanship. The Chairmanship's duties, obligations and responsibilities are set out in the rules of procedure and include scheduling Board meetings in collaboration with the Executive Board.

The Board may appoint committees to attend to particular duties. No such committees currently exist.

According to section 31 in the Danish Act on Registered and State-Authorised Public Accountants, an audit committee must be set up. It is the decision of the Board that the functions assigned to the audit committee shall be handled by the entire Board.

Composition and organisation of the Corporate Management

The Board is made up of five members. Four external members and the Chairman of the Board, Niels Arkil, who owns 16.85% of the company's nominal share capital with a voting right of 47.40%. The Board is elected by the General Meeting for a year at a time. The Articles of Association contain no limits as to the age of members or the length of membership in relation to the engagement of company board members. Over the years, however, there has been a natural replacement of board members.

The Board continually assesses the composition and number of Board members. The Board finds the number of Board members appropriate to the needs of the company.

It is evaluated on a current basis whether appointment of committees are necessary.

Remuneration to the Management

The Board continually discusses and considers the principles for the remuneration of the Executive Board with a view to ensuring that these principles are in accordance with general practises for comparable companies and reflect the performance required. The payment policy remains unchanged in relation to last accounting year.

No agreements have been made with the Board of Directors, Executive Board or any leading employees on extraordinary severance payments.

The Board receive a fixed remuneration which is approved the Annual General Meeting on an annual basis.

The Group does not have any share option programmes or similar.

The Management's remuneration is described in greater detail in the notes to the annual report.

The Management receive a fixed remuneration as well as bonus from foreign subsidiaries.

Presentation of accounts

The Board is responsible for the Annual Report and other financial reports be prepared in accordance with the law and other applicable standards, etc. Prior to publication, the Board will ensure that the financial reports are comprehensible and balanced, and that they give a true and fair picture of assets, liabilities, the financial position as well as result and cash flow. Moreover, it is ensure that the management's review includes a true and fair statement on the items mentioned in the review, including prospects for the future.

Risk management and description of internal controls

The Board and the Executive Management evaluations the Group's risk exposure on a current basis, including risks in connection presentation of the accounts, in relation to the Group's activities.

It is the Group's policy to reduce risks where possible and deemed appropriate. The risks for the company are discussed separately elsewhere in the present annual report.

The Board of Directors and Executive Board hold the overall responsibility for the Group's risk management and internal control in connection with presentation of accounts, including compliance with the relevant legislation and other adjustments in connection with the presentation of accounts.

The Board of Directors find that the Management's views are crucial for good risk management and internal control in connection with the presentation of accounts. The Board of Directors' and the Executive Board's views in respect of good risk management and internal control in connection with presentation of accounts is thus emphasised on a continuous basis.

The Group's risk management and internal control in connection with the presentation of accounts, including amongst others IT and taxes, is designed with a view to effectively controlling rather than eliminating the risk of errors and omissions in connection with the presentation of accounts.

The Group's risk management and internal control system in connection with the presentation of accounts can only form a reasonable, but not absolute, certainty that wrongful use of assets, loss and/or significant mistakes and omissions are avoided in connection with the presentation of accounts.

The Board of Directors/the audit committee continuously assess the significant risk and internal control in connection with the Group's assets and their influence on the presentation of accounts.

Control environment

At least once a year, the Board of Directors assess the Group's organisational structure and staffing in significant areas, including areas in connection with the presentation of accounts – including e.g. IT and tax.

The Board of Directors and the Executive Board will establish and approve overall politics and procedure and controls in connection with the presentation of accounts. The basis of this is a clear organisational structure, clear lines of reporting, authorisation and certification procedures.

Once a year, the Board of Directors/the audit committee will assess the need for establishing internal audit procedures. The Board of Directors have decided not to establish internal auditing.

The Board of Directors have approved politics and procedures within significant areas.

The adopted policies and procedures are available on the Group's intranet.

The Executive Board will monitor on an ongoing basis that relevant legislation and other regulations and requirements in connection with the presentation of accounts are complied with and will report to the Board of Directors/the audit committee in this respect.

Risk analysis

At least once a year, the Board of Directors/the audit committee carry out an overall risk analysis of risks in connection with the presentation of accounts.

Based on this the Board of Directors will adopt a Group Risk Management policy that, among others, contains a description of the most significant risks in connection with the presentation of accounts as well as measures to control and eliminate and/or reduce the risks.

On significant acquisitions an overall risk analysis is carried out in respect of the newly acquired company, just as the essential administrative procedures and internal controls in connection with the presentation of accounts in the newly acquired company is examined as part of due diligence and/or immediately after the takeover.

Decisions concerning actions in respect of reduction and/or elimination of risks are based on an evaluation of materiality and cost/benefit analysis.

The most essential risks in connection with the presentation of accounts appear from the Management's review and in the notes to the Annual Report.

Control activities

The control activities are based on the risk assessment. The objective of the Group's control activities is to ensure that the objectives, politics, manuals, procedures, etc. outlined by the Executive Board are followed as well as to prevent, discover and correct any errors, deviations or omissions, etc. in due time.

The Executive Board have established coherent and transparent business systems that are easily accessible at all levels of the organisation. The Executive Board is of the view that the established business systems to a large extent will strengthen the internal control and, thus, reduce the risk of essential errors.

The Executive Board have established formal reporting procedures for the Group, comprising of budget reporting and monthly reporting, including deviation reports with quarterly updating on the estimates for the year. In addition to income statement, balance sheet and cash flow statement the reports include notes and supplementary information. Information to be used in respect of complying with any requirements to the notes as well as other reporting requirements are collected on an ongoing basis.

Information and communication

The Board of Directors have approved policies concerning information and communication, which among other things establishes the requirements to the presentation of accounts and the external financial reporting in compliance with the legislation and the regulations in this respect.

One of the objectives of the policies concerning information and communication approved by the Board of Directors is to ensure that applicable duties

to disclose are complied with as well as that the information provided is adequate, complete and precise.

The Board of Directors emphasis that – within the scope applying to public listed companies - there is an open communication in the company and that each individual knows his/her role in the internal control in the company.

The Group's essential risks and internal controls in connection with the presentation of accounts, the Board of Directors' view in this respect and actions taken in this respect is conveyed internally in the Group on an ongoing basis.

The Board of Directors and the Executive Board emphasis that each individual constantly and in due time has the relevant information at hand to carry out the tasks.

The information systems are designed to enable the company to identify, gather and communicate relevant information, reports, etc. on an ongoing basis at all levels – under due consideration of the requirements concerning confidentiality for public listed companies – that will enable the individual to effectively and reliably carry out tasks and controls. The aim is that the company will constantly be able to issue trustworthy reports and carry out controls with a view to effectively managing the company operationally, financially and in accordance with applicable legislation and regulations.

Together with the appurtenant manual and systemic controls, the information system is to enable controls being carried out and documented in an effective and appropriate manner. Furthermore, the information system is ensure effective and reliable communication upwards and downwards within the organisation and, where relevant, with clients, suppliers, authorities, shareholders, investors, financial markets and the press, etc.

Monitoring

Each risk management and internal control system must be monitored on an ongoing basis to ensure that it is efficient.

The monitoring will be carried out by ongoing evaluations and controls at all levels in the Group. The extent and frequency of these periodic controls primarily depend on the risk evaluation and the effectiveness of ongoing controls.

Any weaknesses, lack of control, non-compliance with policies, framework or other significant deviations are reported upwards in the organisation in accordance with the Group's policies and instructions in this respect. Weaknesses, omissions and/or non-compliances are reported directly to the Executive Board. Significant issues are furthermore reported to the audit committee/the Board of Directors.

In the auditor's records, the auditors elected by the Annual General Meeting will report essential weaknesses in the Group's internal control system in connection with the presentation of accounts to the Board of Directors. Minor essential circumstances are reported in the Management Letters to the Executive Board.

The Board of Directors/the audit committee will monitor that the Executive Board react efficiently to any weaknesses and/or omissions and that agreed measures to strengthen the risk management and internal controls in respect of the presentation of accounts are implemented as planned. The Executive Board will follow up on the implementation of observed weaknesses as well as issued mentioned in the Management Letter, etc.

Auditors

The General Meeting selects a chartered accountancy firm for one year at a time according to the recommendations of the Board. Prior to presenting its recommendations to the General Meeting, the Board assesses the independence and competence of the auditor.

The auditors continually report on the progress of the audit in an audit protocol to the Board of Directors. As a minimum, the auditors attend two Board meetings, and always the Board meeting in which the Board discusses and approves the annual report and, in so far as the Board or the auditors so wish, also in other Board meetings.

The auditor agreement and remuneration to the auditors is approved by the Board of Director.
Due to the size of the Group and the Board of Directors' evaluation of the Group's risk, it is not deemed necessary to establish an internal audit to

support and control the company's internal control and risk management systems.

Danish recommendations for good management

As a listed company, Arkil Holding A/S is obliged to follow the applying to companies listed on NASDAQ OMX Copenhagen, which amongst others includes a national codex on good corporate management.

In accordance with item 4.3 in "Rules for issuers of shares – NASDAQ OMX Copenhagen", Danish companies must account for how they relate to the "Recommendations for good management" from a "follow or explain" principle. The recommendations point out that it is just as legitimate to explain yourself than to follow a specific recommendation, as the most important thing is to create transparency in the company's management.

On www.arkil.dk you can find further information on Arkil's posititon concerning the individual recommendations.

Internal rules regarding insider knowledge and trading with company shares

In accordance with the Danish Securities Act, the company keeps an insider register of persons who by virtue of their position are considered to have access to insider knowledge of the company. The company has drawn up internal rules for such persons.

Those who are in the insider register and who come under the internal rules are the Board members and senior executives of Arkil Holding A/S, other managers and senior staff with direct reference to the Board or senior executives of Arkil Holding A/S, selected auditors and other employees of Arkil Holding A/S, if their employment may be expected to give them access to insider information.

The members of the Board and senior executives, other directors, senior staff, selected auditors and other members of the subsidiaries of Arkil Holding A/S, including the Group's overseas companies, are also included if their employment may be expected to lead to access to internal knowledge.

All Board members, Executive Board members and other insider-registered employees of the Arkil Holding A/S Group may only buy and sell shares in Arkil Holding A/S for a period of four weeks after publication of the company's annual and interim reports.

Information

Arkil's website – www.arkil.dk – contains all stock exchange announcements and financial statements, as well as information about the Group's activities.

Registered shareholders of Arkil Holding will automatically receive a summons to the Annual General Meeting. Shareholders wishing to register their shares in their names are requested to contact their own banks.

Dividends

It is the aim that shareholders should achieve a return from their investment in the form of an increase in the share price and a dividend more profitable than risk-free investment in bonds.

Distribution of any dividend must take place with due consideration of the necessary consolidation of equity capital as the basis for the continued expansion of the Group.

Arkil Holding has approx. 1,500 listed shareholders. Of these, the following shareholders were registered in the company's list of shareholders as of 31 December 2010 in accordance with section 55 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	28,611	6.66	5.82	2.74
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.

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

Key figures relating to shareholders		2010	2009	2008	2007	2006
Suggested dividend per DKK 100 share	DKK	0.00	15.00	15.00	15.00	15.00
Earnings per DKK 100 share	DKK	(63.4)	49.3	147.5	200.4	227.2
Growth in earnings per DKK 100 share	%	(228.6)	(66.6)	(26.4)	(11.8)	169.4
Book value per DKK 100 share	DKK	1,314	1,389	1,348	1,220	1,051
Share price per DKK 100 share	DKK	528	695	540	1,122	944
Share price/book value		0.40	0.49	0.40	0.92	0.90
Price/earning, year-end	DKK	(8.3)	8.3	3.7	5.6	4.2
Market capitalisation calculated on the basis of the market price	million	259.4	341.5	265.2	551.1	464.0

Notifications to the Stock Exchange since last annual accounts

24.03.2010	Financial statement for Arkil Holding A/S
24.03.2010	Annual accounts 2009
31.03.2010	Summons to the Annual General Meeting
21.04.2010	Summary from the Annual General Meetings
26.05.2010	Interim report for Arkil Holding A/S for the first quarter of 2010
21.06.2010	The shares in Stürup A/S and Arne Hansen A/S are transferred to Arkil A/S
25.08.2010	Readjustment of the expected result for the year for the financial year 2010
30.08.2010	Interim report for the first half of 2010
24.11.2010	Interim report for third quarter of 2010
15.12.2010	Financial calendar 2011
04.01.2011	Major shareholder's notification
04.02.2011	Major shareholder's notification

Financial calendar 2011

23.03.2011	Publication of the announcement of the annual accounts for the financial year 2010
27.04.2011	Annual General Meeting at the Hotel Harmonien, Haderslev, Denmark at 5.30 p.m.
18.05.2011	Publication of interim report for the first quarter of the financial year 2011
31.08.2011	Publication of interim report for the second quarter of the financial year 2011
23.11.2011	Publication of interim report for the third quarter of the financial year 2011

FINANCIAL REVIEW OF THE CONSOLIDATED ACCOUNTS

This 2010 annual report for Arkil Holding A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and Danish financial reporting requirements for public listed companies.

Income statement

The Group's revenue decreased by DKK 59.6 million to DKK 2,061.9 million, corresponding to 2.8%. The reduction can be attributed to the general market condition and the hard winter especially in Denmark and Germany.

Production costs rose by DKK 29.9 million to DKK 1,929.0 million, or 1.6%.

The gross margin thus fell from 10.5% to 6.4%.

Mainly as a consequence of adaptations to the actual level of activity, administration costs decreased by DKK 4.7 million, corresponding to 2.5%. Administration costs constitutes 8.9% of net turnover against 8.8% in 2009.

Net financial items were DKK 3.0 million compared to DKK 3.1 million in 2009.

Balance Sheet

Long-term activities rose with DKK 54.7 million, mainly as a consequence of acquisition of companies.

Short-term activities decreased with DKK 28.2 million and amounted to DKK 792.3 million as per 31 December 2010, of which a decrease in liquid holdings amounts to DKK 36.1 million.

Long-term liabilities increased by DKK 29.9 million and constitutes DKK 330.7 million as at 31 December 2010. The increase can be attributed to financing of acquisition of new companies.

The short-term debt constitutes DKK 493.8 million against DKK 460.3 million as per 31 December 2009.

Cash Flow Statement

Cash flow from operations constitutes DKK 88.6 million compared to DKK 149.6 million in 2009.

Cash flow used to investment activities constitutes DKK 113.7 million against DKK 59.7 million in 2009. Investments excluding acquisition of companies constitutes DKK 23.4 million against DKK 59.7 million in 2009.

Cash flow applied to financial activities constitutes DKK 13.2 million, compared to DKK 49.1 million in 2009.

Liquid assets decreased from DKK 234.1 million as at 31 December 2009 to DKK 196.0 million as at 31 December 2010.

The Group's liquidity at the year-end and the Group's unused credit facilities mean that the Arkil Group continues to have satisfactory financial reserves.

ACCOUNTING POLICIES APPLIED

Arkil Holding A/S is a public limited company that is based in Denmark. The annual report for the period 1 January to 31 December 2010 includes both the consolidated accounts for Arkil Holding A/S and its subsidiaries (the Group), as well as a separate annual report for the parent company.

This 2010 annual report for Arkil Holding A/S has been presented in accordance with the International Financial Reporting Standards as approved by the EU and Danish reporting requirements for annual reports from public listed companies, cf. the OMX Nordic Exchange Copenhagen A/S reporting requirements for annual reports from public listed companies and the IFRS statutory order issued under the Danish Company Accounts Act.

The annual report also fulfils International Financial Reporting Standards (IFRS) issued by the IASB.

Basis for preparation of the accounts

The annual report is presented in DKK rounded to the nearest DKK 1,000.

The annual report has been prepared in accordance with the historical cost principle with the exception of the following assets and liabilities being measured at fair value, derivatives, financial instruments in the trade portfolio and financial instruments classified as available for sale.

Long-term assets and saleable asset groups are measured at the lowest book value before the amended classification or at fair value with deduction of distribution costs.

As described below, the accounting policies applied are consistent in the financial year and for comparative figures.

Changes in accounting policies

As of 1 January 2010, Akil A/S has implemented:

- IFRS 3 (updated 2008) Company mergers
- Amendments to IAS 27 (updated 2008) Group accounts and separate annual accounts
- More amendments to IAS 39 Financial instruments: Recognition and measurement as well as IFRIC 9 revaluation of built-in derivative financial instruments
- Amendments to IFRS 2 Group Cash-settled Share-based Payment transactions
- More amendments to IFRS 1 Initial application of IFRS
- Parts of improvements to IFRSs May 2008 with date of commencement 1 July 2009
- Improvements to IFRSs April 2009
- IFRIC 17 Distribution of other values than cash to owners
- IFRIC 18 Transfer of shares from customers

For the Arkil Holding A/S Group IFRS 3 (2008) og IAS 27 (2007) applies to transactions carried through on 1 January 2010 or later. The standards include a number of new provisions, of which the most important are:

- Option in respect of inclusion of goodwill related to minority interests' share of the acquired company. The choice is made from transaction to transaction.
- Purchase costs and changes to contingent purchase payments are included directly in the profit and loss account.
- Stressing of the demand for segregation of intangible assets taken over.
- Phased acquisitions implies a value adjustment at fair value directly in the Profit and Loss Account of the capital shares owned so far.
- Profit/loss on sale of capital shares, whereby control is lost, is included in the Profit and Loss Account. 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 Profit and Loss Account.
- Purchase/sale of minority interests' shares without losing control is included directly in the equity capital.

Besides IFRS 3 the new standards and interpretations have not affected inclusion and measurement in 2010. The effect of IFRS 3 on the result of the year has reduced the result and diluted the result per share with DKK 0.

Correction of errors

A head of department in the subsidiary ASA-Bau GmbH, Germany, has throughout a period extending over the turn of the year "covered up" the accounts by manipulating the value of work in progress in order to hide lack of performance in the department.

The error affects the equity at year-end 2009 with DKK -14,9 million, and comparative figures have been adapted in accordance with IAS 8.42.

The error has no effect on the equity at the beginning of 2009, which is why no opening balance is presented for 2009, cf. IAS 1.39.

The correction had the following effect on the items in the consolidated account (DKK '000):

	Before changes	2009 change	After change
Revenue	2,139,218	(17,708)	2,121,510
Pre-tax profit	60,623	(17,708)	42,915
Profit for the year	41,127	(14,896)	26,231
Short-term assets	835,864	(15,364)	820,500
Equity capital	697,379	(14,900)	682,479
Long-term liabilities	301,115	(283)	300,832
Short-term liabilities	761,637	(181)	761,456
Earnings per share	78	(29)	49
Diluted earnings per share	78	(29)	49

Consolidated accounts

The consolidated accounts cover the parent company, Arkil Holding A/S, and subsidiaries for which Arkil Holding A/S has a controlling interest in the companies' financial and operational policies, in order to realize a yield or other advantage from its activities. A controlling interest is achieved either by directly or indirectly owning or controlling more than 50% of the voting rights, or by controlling the company in question by other means.

Companies in which the Group exercises a significant influence, but not a controlling interest, are seen as affiliated companies. A significant influence is typically achieved by either directly or indirectly owning or controlling more than 20% of the voting rights, but less than 50%. The assessment of whether Arkil Holding A/S has a controlling interest or significant influence takes into account potential voting rights.

The Group structure is shown on page 13.

The consolidated accounts are prepared as a compilation of the accounts of the parent company and the individual subsidiaries, calculated in accordance with the Group's accounting policies, and with elimination of intra-group income and expenses, shareholdings, balances and dividends, and realised and unrealised gains on intra-group transactions. Unrealised losses are eliminated in the same way as unrealised gains, to the extent there has been no depreciation.

Investments in subsidiaries are set off against the parent company's proportional share of the subsidiaries' market value of identifiable net assets and contingent liabilities included at the time of acquisition.

Joint ventures

The Group participates in both long-term and short-term joint ventures.

Joint ventures are included in the consolidated accounts on a pro-rata basis.

External annual accounts have not been prepared for joint ventures in the form of partnerships, in accordance with the special provision in section 5 of the Danish Company Accounts Act.

Company mergers

Newly acquired or newly founded companies are included in the consolidated accounts from the date of acquisition. Companies sold or wound down are included in the consolidated profit and loss account up until the disposal date.

Comparison figures are not adjusted for companies which have been recently acquired, sold or wound down. However, discontinued activities are presented separately, as described below.

On acquisition of new companies, where a controlling influence over the acquired company is gained, the takeover method is applied. The identifiable assets, liabilities and contingent liabilities of the acquired companies are measured at their present value on the takeover date. Identifiable intangible assets are included where these can be isolated or derived from a contractual right and the present value can be reliably calculated. Deferred taxation of the revaluations is factored into the accounts.

The time of take-over is the time at which Arkil Holding A/S achieves actual control of the company.

The positive difference (goodwill) between the cost price of the company and the present value of the acquired identifiable assets, liabilities and contingent liabilities is entered as goodwill under intangible assets. Goodwill is not amortized, but is tested at least once a year for a reduction in value. The first test of value reduction is carried out before the end of the year of acquisition. Upon acquisition, goodwill is allocated to the cash flow generating entities that subsequently provide the basis for the value reduction test. Goodwill and present value adjustments in connection with the acquisition of a foreign entity with a different functional currency to the Arkil Group's presentation currency are handled as assets and liabilities belonging to the foreign entity and converted to the foreign entity's functional currency at the exchange rate applicable on the transaction date. Negative goodwill is included in the income statement on the takeover date.

For company mergers effected before 1 January 2004, the accounting classification under the previous accounting policies has been retained. Goodwill is included on the basis of the cost price calculated in accordance with the previous accounting policies (the Danish Company Accounts Act and Danish accounting guidelines) after deducting depreciation and write-downs up until 31 December 2003. Goodwill is not amortized after 1 January 2004. The accounting entries for company mergers prior to 1 January 2004 have not been reworked in connection with the opening balance for 1 January 2004. Goodwill included in the opening balance has been tested for value reduction as at 1 January 2004.

Purchase payments for a company consists of the current value of the agreed payment in the form of assets acquired, obligations taken on and equity instruments issued. If parts of the purchase payment are conditional on future events or fulfilment of conditions agreed upon, these are included at current value at the time of acquisition. Costs which can be referred to mergers are included directly in the Profit and Loss Account on the date they are incurred.

If at the time of acquisition there are any uncertainties as to identification or measurement of assets acquired, obligations, contingencies or setting of the

purchase prices, the first inclusion takes place based on interim calcuation of present value. If it is found at a later stage that identification or measurement of the purchase price, assets acquired, obligations or contingencies were incorrect at the first inclusion, the statement will be amended retrospectively, including goodwill, up until 12 months after the acquisition, and the comparative figures are adapted. After this period, goodwill is not adjusted. Changes in contingent purchase payments are included directly in the Profit and Loss Account.

Gains or losses from the disposal or liquidation of subsidiaries and affiliated companies are valued as the difference between the sales price or liquidation value and the accounting value of net assets, including goodwill at the time of sale together with the sale or liquidation costs.

Minority interests

At the first inclusion, minotiry interests are measured at either current value or their proportional share of the current value of identifiable assets, obligations

and contingencies in the acquired company. In the first case, goodwill is thus included concerning minority interests' share of ownership of the acquired company, while in the latter case, goodwill concerning minority interests are not included. Measurement of minority interests is measured transaction by transaction and entered in the notes in connection with description of acquired companies.

Conversion of foreign currencies

A functional currency is selected for each of the reporting companies in the Group. The functional currency is the currency used in the primary economic environment within which the reporting company operates. Transactions in currencies other than the functional currency are foreign currency transactions.

Transactions in foreign currencies are converted to the functional currency during the first inclusion at the exchange rate on the transaction date. Exchange rate differences that occur between the exchange rate on the transaction date and the exchange rate on the payment date are included in the income statement under financial income or expenses.

Trade debtors, debt and other monetary entries in foreign currency are converted at the rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate when the debtor or debt emerged, or the exchange rate in the most recent annual report, is included in the income statement under financial income and expenses.

When including foreign subsidiaries in the consolidated accounts which have a different functional currency to Arkil Holding A/S's presentation currency, the income statement is converted at the transaction day exchange rate, while balance sheet items are converted at the exchange rate on the balance sheet date. The average exchange rate for the given month is used as the transaction day exchange rate, except where this would significantly alter the outcome. Exchange rate differences that are the result of converting the equity capital in foreign subsidiaries at the beginning of the year at the exchange rate on the balance sheet date, or of converting the income statement from transaction day rates to the exchange rate on the balance sheet date, have been included directly in equity capital.

Price adjustments of outstanding accounts that are considered to be part of the total net investment in companies with functional currencies other than DKK are included in the consolidated accounts directly under equity under a separate reserve for exchange rate adjustments. Changes in the current value of derivatives used to hedge net investments in foreign subsidiaries or affiliated companies, which effectively hedge against exchange rate changes in these companies, are included directly in equity capital under a separate reserve for exchange rate adjustments.

When including affiliated companies in the consolidated accounts which have a different functional currency to Arkil Holding A/S's presentation currency, the Group's share of the annual profit is converted at the average exchange rate, and the share of equity, including goodwill, is converted at the exchange rate on the balance sheet date. Exchange rate differences that arise when converting the share of the equity of affiliated foreign companies at the beginning of the year at the balance sheet date exchange rate, and when converting the share of annual profit from an average exchange rate to the balance sheet date exchange rate, are included directly in equity under a special reserve for exchange rate adjustments.

By relinquishment of 100% owned foreign entities, the exchange rates accumulated in the equity via other comprehensive income are reclassified - and can be attributed to the unit – from "Exchange-rate adjustment reserve" to the Profit and Loss Account together with any loss or gain upon relinquishment.

By relinquishment of partly owned foreign subsidiaries, the part of the exchange-rate reserves that relates to minority interests are not assigned to the Profit and Loss Account.

By partial relinquishment of foreign subsidiaries without losing control, part of a proportional share of the exchange-rate reserves is transferred from the shareholders in the parent company to the minority interests' share of the equity.

Derivative financial instruments

Derivative financial instruments are initially included in the balance sheet at the day of trading and measured at the current value. Positive and negative fair

values of derivative financial instruments are included in other receivables and payables, respectively, and positive and negative values are only set-off when the company is entitled to and intends to settle several financial instruments net (in the case of margin settlement). Fair values for derivative financial instruments are calculated on the basis of current market data and recognised valuation methods.

Hedging of fair value

Changes in the current value of derivatives, which qualify as fair value hedges of a recognised asset or a recognised liability, are included in the income statement along with any changes in the current value of the hedged asset or liability, with respect to the hedged component. Hedging of future cash flows in relation to a firm commitment, apart from currency hedging, is handled in the same way as hedging of fair value.

The part of the derivative financial instrument which is not part of hedging, is presented under financial items.

Hedging of cash flow

Changes in the components of the current value of derivative financial instruments that qualify as future cash flow hedges, and which effectively hedge changes in future cash flows, are included under equity under a separate reserve for hedging transactions, until the secured cash flows affect the income statement. At this time, the gain or loss relating to such is transferred from equity and included in the same account as the hedged entity.

If the hedging instrument no longer fulfils the criteria for financial hedging, the hedging will cease forward. The accumulated value adjustment included in equity is transferred to the income statement, when the hedged cash flows affect the income statement.

If the hedged cash flows are no longer expected to be realised, the accumulated value adjustment will be included in the income statement immediately.

The part of the derivative fincial instrument which is not part of hedging, is presented under financial items.

Hedging of net investment

Changes in the current value of derivatives used to hedge net investments in foreign subsidiaries or affiliated companies, which effectively hedge against exchange rate changes in these companies, are included directly in equity capital under a separate reserve for exchange rate adjustments.

The part of the derivative fincial instrument which is not part of hedging, is presented under financial items.

Other derivative financial instruments

For derivative financial instruments that do not meet the criteria for hedge accounting, changes in the current value are included in the income statement on an ongoing basis under financial items.

Some contracts contain provisions that correspond to derivative financial instruments. Where such built-in financial instruments differ significantly from the particular contract, they are included separately and continually measured at their current value, except where the total contract is included and continually measured at its current value.

Income statement

Revenue

Revenue from sale of commercial goods and finished articles is included in the income statement, but only if delivery and invoicing have been effected before the year-end.

Contract works are included in revenue based on the percentage-of-completion method.

Contract prices and profit and loss figures are allocated proportionally according to progress in production, which means that revenue corresponds to the sales value of the work actually carried out for the year. Appropriation is carried out and expected losses have been charged as expenses.

Government grants

Government grants cover grants for investment and the like.

Grants for research and development costs that are included directly in the income statement are included under production costs as the costs that qualify for a grant are incurred.

Grants for the purchase of assets, etc., are presented in the balance sheet by deducting the grant from the asset's book value.

Production costs
Production costs comprise costs, including depreciation and salaries, paid to achieve the net revenue for the year. Development costs that do not fulfil the capitalization criteria are also included under production costs.

Provision for bad debt from enterprise contracts is included.

Administration costs
Administration costs comprise costs incurred during the year for management and administration, including the costs of administrative staff, office premises, office expenses and depreciation. Write-downs of accounts receivable from sales are also included.

Other operating income/expenditure
Other operating income and expenditure comprises entries of a secondary nature in relation to the company's activities, including losses and gains realized from the sale of tangible and intangible assets. Gains and losses from the sale of intangible and tangible assets have been calculated as the sales price, less sales costs and the accounting value at the time of sale.

Income from investments in affiliated companies in the consolidated accounts
In the consolidated income statement, the proportional share of the results of the affiliated companies is included after the elimination of the proportional share of internal profit/loss.

Dividends on investments in subsidiaries and affiliated companies in the parent company's accounts
Dividends on investments in subsidiaries and affiliated companies are entered as income in the parent company's income statement in the financial year in which the dividend is declared. However, where the distributed dividend exceeds the accumulated earnings since the takeover date, the dividend will not be entered as income in the income statement, but will be included as a write-down of the cost price of the investment.

Financial income and expenses
Financial income and expenses comprise interest earned and paid, exchange gains and losses and write-downs in connection with securities, debt and transactions in foreign currency, amortization of financial assets and liabilities, including financial leasing commitments and deductibles and remunerations under the on-account taxation scheme, etc. In addition to this, realised and unrealised gains and losses in connection with derivative financial instruments that cannot be classified as security agreements are included.

Tax on profit/loss for the year
Arkil Holding A/S is jointly taxed with all of its Danish subsidiaries. The applicable Danish corporation tax is divided between the jointly taxed companies in proportion to their taxable incomes. Companies using taxes losses in other companies pay a joint tax contribution to the parent company corresponding to the tax value of the loss used, while companies (where tax losses are used by other companies) receive joint tax contributions corresponding to the tax value of the loss used (full distribution). The jointly taxed companies are part of the on-account taxation scheme.

This year's tax, which comprises the current tax and the alteration in deferred tax, is included in the income statement in terms of the share that can be related to this year's result, and directly in equity capital in terms of the share that can be attributed to entries directly in equity capital.

Balance sheet
Intangible assets
Goodwill
When goodwill is first included in the balance sheet it is entered at cost price, as described under "Company mergers". Goodwill is subsequently measured at cost price, less accumulated depreciation. Goodwill is not amortized.

The book value of goodwill is allocated to the Group's cash-flow generating entity on the takeover date.

Development projects, licences and rights
Development costs comprise salaries, depreciation and other costs which can be attributed to the company's development activities.

Clearly defined and identifiable development projects that can demonstrate technical utilisation, adequate resources, and a potential market or application within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the company, where the intention is to produce, market or utilise the project, are included as intangible assets, assuming the cost price can be reliably calculated and there is sufficient certainty that the future earnings or net sales price can cover the production, sale and administration expenses and development costs. Other development expenses are included in the income statement as the expenses are incurred.

Included development costs are measured at cost price, less accumulated depreciation and write-downs. The cost price comprises salaries, depreciation and other costs which can be attributed to the company's development activities and loan costs from specific and general borrowing that directly concern the development of development projects.

Once the development work is completed, development projects are linearly depreciated over the estimated economic life time. The depreciation period may not exceed five years. The depreciation base is reduced in line with any write-downs.

The book value of development projects that are underway is tested at least once a year for reduction in value, and is written down in the income statement to the recoverable amount if the book value exceeds the present value of the expected future net cash flows from the development project.

Licences and rights are measured at cost price, less accumulated depreciation and write-downs. Licences and rights are depreciated linearly over the remaining agreement period or life time, whichever is shorter. The depreciation base is reduced in line with any write-downs.

Other intangible assets, including intangible assets acquired in connection with company mergers, are amortized over their expected life time. Other intangible assets are depreciated linearly over their expected life time.

Tangible assets

Land and buildings, as well as technical equipment, machinery and fixtures have been entered at cost price less accumulated write-downs and depreciation.

When measuring land and buildings classified as investment properties, the cost formula is applied.

The cost price comprises the purchase price and costs directly connected with the purchase until such time as the asset is ready to use. For self-produced assets the cost price comprises materials, components, sub-suppliers and salaries as well as loan costs from specific and general borrowing directly attributed to the construction of the individual asset. The cost price is added to the current value of estimated obligations for the dismantling and removal of the asset and the restoration of the area in which the asset was used.

For financially leased assets, the cost price is included either as the current value, or the present value of the future minimum leasing payments, whichever is lower. When calculating the present value, the leasing agreement's internal interest rate is used as the discounting factor or the Group's alternative loan interest rate.

Subsequent expenses, such as replacing components of a tangible asset, are included in the book value of the asset where it is likely that paying such expenses will lead to a future economic advantage for the Group. The book value of the replaced components ceases upon inclusion in the balance sheet and is transferred to the income statement. All other expenses for normal repair and maintenance are included in the income statement on the date they are incurred.

Tangible assets are depreciated linearly over their expected life time, which is:

Buildings, owner-occupied properties	30-50 years
Buildings, investment properties	30-50 years
Production facilities	10-15 years
Other technical facilities, machinery and fixtures	3-7 years

Land is not depreciated.

The depreciation base is calculated taking into account the scrap value of the asset, and is reduced in line with any write-downs. The scrap value is set at the time of acquisition and is reassessed each year. If the scrap value of the asset exceeds the book value, depreciation ceases.

If the depreciation period or scrap value is changed, the future effect on depreciation is included as a change in the estimated book value.

Depreciation is included in the income statement under production costs and administration costs.

Investments in affiliated companies in the consolidated accounts

Investments in affiliated companies are measured according to the equity method, whereby the investment is measured at the proportional share of the companies' net asset values calculated in accordance with the Group's accounting policies, adjusted for the proportional share of unrealised intra-group profits and losses, plus the book value of goodwill.

Affiliated companies with negative net asset values are measured at DKK 0. If the Group has a legal or actual liability to cover the shortfall in the affiliated company, this is included under liabilities.

Any accounts receivable in affiliated companies are written down to the extent these are considered irrecoverable.

When purchasing capital investments in affiliated companies the takeover method is applied, cf. the description of company mergers.

Investments in subsidiaries and affiliated companies in the parent company's accounts

Investments in subsidiaries and affiliated companies are measured at cost price. The cost price is written down by the amount distributed dividends exceed the accumulated earnings since the takeover date, where this is the case.

Depreciation of long-term assets

Goodwill and intangible assets with indefinable life times are tested annually for reduction in value, initially before the end of the year of takeover.
In progress development projects are also tested annually for reduction in value.

The book value of goodwill is tested for reduction in value at least once a year, together with the other long-term assets in the cash-flow generating entity to which the goodwill is allocated, and is written down in the income statement to the recoverable value if the book value is higher. The recoverable value is generally calculated as the present value of the expected future net cash flows from the company or activity (cash flow generating entity) the goodwill is linked to.

Deferred tax assets are valued annually and only included where it is likely that they will be used.

The book value of other long-term assets is valued annually in order to determine whether there is indication of reduction in value. If any such indications are evident, the asset's recoverable value is calculated. The recoverable value is the asset's current value, less expected costs of disposal, or its capital value, whichever is higher. The capital value is calculated as the current value of expected future cash flow from the asset or the cash-flow generating entity to which the assets belongs.

A value reduction loss is recognised when the book value of an asset or cash flow generating entity exceeds its recoverable value. Losses connected to write-offs are recognised in the income statement under production, distribution and administration expenses. Goodwill write-downs are included on a separate line in the income statement.

Goodwill write-downs are not reversed. Write-downs on other assets are reversed if there are changes to the conditions and estimates that led to the write-down. Write-downs are only reversed where the asset's new book value does not exceed the book value the asset would have had after depreciation if it had not been written down.

Stock on hand

Inventories are recognised at the cost price, according to the FIFO principle. Where the net realisation value is lower than the cost price, the valuation is written down to the lower value. The cost price for commodities, raw materials and consumables comprises the purchase price plus any attributable delivery costs.

The net realisation value for inventories is calculated as the sales price, less the costs of completion and costs associated with sale, taking into account marketability, obsoleteness and trends in the expected sales price.

Accounts receivable

Accounts receivable are measured at the amortized cost price. Write-down has been carried out to meet the loss where reductions in value seem to have occurred. Write-down is carried out on an individual basis.

Write-downs are calculated as the difference between the book value and the present value of expected cash flows, including the realisable value of any collateral received. As discount rate is used the effective interest rate for the particular receivable.

The recognition of interests on written-down receivables is calculated for the written-down value with the effective interest rate for the particular receivable.

Contract works

Contract works are measured at the sales value of the work carried out, less any invoiced instalments and expected loss. The contracts are characterized by the fact that the work produced comprises a high degree of individualization design-wise. Furthermore, it is required that a binding agreement entailing penalty or compensation in the case of later termination is entered into before the work is started.

The sales value is based on the stage of completion on the balance sheet date and the combined anticipated earnings for each item of work in progress. The degree of completion is determined in relation to the project phases.

If it is probable that the total contract cost will exceed the total contract revenue, the expected loss on the contract is recognised immediately as a cost. If the sales value of a contract cannot be reliably measured, the sales value is measured at the related costs at which they are probably recoverable.

Contracts where the sales value of the work carried out exceeds invoiced instalments and any expected loss are included under accounts receivable. Contract works, for which instalments and any expected loss exceed the sales value, are included under liabilities.

Advance payments from customers are included under liabilities.

Costs relating to sales work and the obtaining of orders are included in the income statement as they are incurred.

Accruals

Accruals included under assets, comprise paid expenses relating to the following financial year and are measured at cost price.

Securities

Securities, which include shares and bonds, are included under short-term assets at the cost price on the date of purchase and measured at current value for listed securities and at an estimated current value calculated on the basis of market data and recognised valuation methods for unlisted securities. Changes in the current value are included in the income statement on an ongoing basis under financial items.

Other shares, classified as “available for sale”, are included under long-term assets at the cost price on the date of purchase and subsequently measured at current value equivalent to the listed share price for listed securities and at an estimated current value calculated on the basis of current market data and recognised valuation methods for unlisted securities. Unrealised value adjustments are included directly under equity, except for write-downs resulting from value reduction and exchange rate adjustments on foreign currency bonds, which are included in the income statement under financial items. Upon realisation, the accumulated value adjustment included in equity is transferred to financial items in the income statement.

Equity

Dividends

Suggested dividends are included as liabilities at the time of approval at the Annual General Meeting (the time of declaration). Dividends to be distributed for the year appear as a separate entry under equity capital.

Exchange rate adjustment reserve

The reserve for exchange-rate adjustments comprise exchange-rate differences that have arisen when concerning accounts for entities with another functional currency than Danish kroner, exchange-rate adjustments concerning assets and liabilities that form part of the Group’s net investment in such entities as well as exchange-rate adjustments concerning hedging transactions that will hedge the Group’s net investment in such entities.

Reserve for hedging transactions

Reserves for hedging transactions contain the accumulated net change in the current value of hedging transactions that fulfil the criteria for the hedging of future cash flows and where the hedging transaction has not yet been realised.

Pension liabilities and similar long-term liabilities

The Group has entered into pension agreements and similar agreements with the majority of its employees.

Liabilities relating to contribution-based pension schemes are included in the income statement in the period they are accrued, and payments due are included in the balance sheet under other debt.

For defined-benefit schemes, an annual actuarial calculation is undertaken of the capital value of future benefits that are to be paid in respect of the scheme. The capital value is calculated on the basis of prospects of future development in such factors as wage level, interest rates, inflation and mortality. The capital value is calculated solely for the benefits for which employees have earned the right through their employment so far in the Group. The actuarially calculated capital value, with deductions for the current value of any assets relating to the scheme, is included in the balance sheet under pension commitments.

The pension expenses for the year are included in the income statement based on the actuarial estimates and financial expectations at the beginning of the year. Differences between the expected changes in pension assets and liabilities and the realised values are called actuarial losses or gains and are included directly under equity.

In the event of a change in the benefits relating to employees' former employment in the company, a change in the actuarially calculated capital value arises, which is viewed as a historic expense. Historical costs are entered as costs immediately if the employees have already been given entitlement to the changed benefit. Otherwise, they are included in the income statement over the period during which employees attain the entitlement to the changed benefit.

If a pension scheme is a net asset, the asset is only recognised if there exists corresponding unrecognised actuarial loss or future repayments from the scheme, or if it will lead to reduced future payments into the scheme.

Payable tax and deferred tax

The current tax liabilities and the current outstanding tax are included in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on previous years' taxable income plus taxes on account already paid.

Deferred tax is measured according to the balance-oriented liability method of all temporary differences arising between accounting values and tax values of assets and liabilities. However, deferred tax is not included for temporary differences regarding non-tax depreciable goodwill and office buildings or for other items for which temporary differences – except for business acquisitions – arose at the point of acquisition without having an effect on the profit/loss or the taxable income. In cases where the assessment of the taxable value can be made according to alternative tax rules, deferred tax is measured on the basis of the management's planned employment of the asset or settlement of the liability respectively.

Deferred tax assets, including the taxable value of tax losses which can be carried forward, are included under other long-term assets at the value at which they are expected to be used, either by tax equalisation of future earnings or by set-off against deferred tax liabilities within the same legal tax unit and jurisdiction.

Deferred tax assets and tax liabilities are set off, if the company has the legal right to set off current tax liabilities and assets or intent to either pay off or redeem current tax liabilities and assets on a net basis or realise the assets and liabilities at the same time.

Deferred tax will be adjusted in respect of eliminations made of unrealised internal gains and losses within the Group.

Deferred tax is measured on the basis of the tax rules and rates in each country that are in force under the legislation on the balance sheet day, when the deferred tax is expected to be redeemed as current tax. Changes in deferred tax as a result of changes of tax rates will be included in the income statement.

Provisions for liabilities and charges

Provisions for liabilities primarily cover liabilities in relation to contracts.

Provisions for liabilities and charges are included when the Group, as a result of an event which occurred prior to or on the balance sheet date, has a legal or actual liability and it is likely that economic advantage will have to be surrendered to redeem the liability.

Provisions for liabilities are measured at the management's best estimate of the amount expected to be able to redeem the liability.

When measuring provisions for liabilities, the expenses necessary to settle the liabilities are discounted, if this has a significant effect on the measurement. A pre-tax discounting factor is used which reflects the general level of interest rates in society, with a premium for the specific risk that is estimated to be associated with the liability. Changes in present values for the financial year are included under financial expenses.

Guarantee liabilities are included in step with the completion of contracts.

A loss-making contract provision is included when the expected advantages for the Group from a contract are less than the unavoidable expenses under the contract (loss-making contracts).

Financial liabilities

Debt to credit institutions and the like is included at the time loans are taken out, in the amount of the proceeds of the loan less transaction expenses incurred. In subsequent periods, financial liabilities are measured at their amortized cost price using the "effective interest rate method", such that the difference between the proceeds and the nominal value is included in the income statement under financial expenses over the period of the loan.

The capitalised residual leasing liability on financial leasing contracts, measured at amortized cost price, is also included under financial liabilities.

Non-financial liabilities

Other liabilities are measured at their net realisation value.

Leasing
In accounting terms, leasing liabilities are divided into financial and operational leasing liabilities.

A leasing agreement is classified as financial when it transfers all significant risks and benefits of ownership of the leased asset. Other leasing agreements are classified as operational.

The sections on Tangible assets and Financial liabilities describe how financially leased assets and the associated liability are treated in terms of accounting.

Leasing payments concerning operational leasing agreements are included linearly in the income statement over the leasing period.

Accruals
Accruals included under liabilities comprise prepayments received relating to income in the following years.

Assets earmarked for sale
Assets earmarked for sale comprise long-term assets and saleable asset groups that have been earmarked for sale. Saleable asset groups are groups of assets that are to be sold or disposed of together in a single transaction, along with any liabilities directly linked to these assets which will be transferred as part of the transaction. Assets are classified as "earmarked for sale" when their book value will primarily be recovered through sale within 12 months in accordance with a formal plan, rather than through continued use.

Assets or saleable asset groups earmarked for sale are valued at their book value, or current value less expected sale expenses, whichever is lower. Depreciation and amortization of assets cease from the time they are classified as "earmarked for sale".

Losses associated with value reduction arising when assets are first classified as "earmarked for sale", and gains or losses associated with subsequent valuation at either the book value or current value less sales expenses, are included in the income statement under the appropriate accounts. Losses and gains are reported in the notes.

Assets and associated liabilities are presented on separate lines in the balance sheet, and the primary entries are specified in the notes.

Presentation of discontinued activities
Discontinued activities are entities whose activities and cash flow can be clearly distinguished at the operational and accounting level from the rest of the company, and where such entities have been disposed of or have been separated, earmarked for sale, and the sale is expected to be effected within one year under a formal plan. Discontinued activities also include companies acquired for the purpose of resale.

The profit or loss and value adjustments after tax for discontinued activities are presented on a separate line in the income statement with comparison figures. Turnover, expenses and taxation for each discontinued activity are reported in the notes. Assets and associated liabilities are also presented on separate lines in the balance sheet (cf. "Assets earmarked for sale"), and the primary entries are specified in the notes.

Cash flows from operations, investment and financing activities for the discontinued activities are reported in a note.

Cash flow statement
The cash flow statement presents the cash flows for the year, divided into operations, investment and financing activities, changes in the year's liquid assets, and liquid assets held at the beginning and end of the year.

The impact on liquid assets from the acquisition and sale of companies is shown separately under cash flows from investment activities. In the cash flow statement, cash flows from acquired companies are recognised from the acquisition date and cash flows from divested companies from the date of sale.

Cash flows from operating activities are calculated according to the indirect method as the pre-tax profit/loss adjusted for non-cash operating items, changes in working capital, interest payments, dividends received and corporation tax paid.

Cash flows from investment activities comprise payments in connection with the acquisition and sale of companies and activities, the purchase and sale of

intangible, tangible and other long-term assets, and the purchase and sale of securities which are not counted as liquid assets.

The entering into financial leasing agreements is deemed to be non-liquid transactions.

Cash flows from financing activities comprise changes in the size or composition of share capital and associated expenses, contracting of loans, repayment of interest-bearing debt, the purchase and sale of own shares, and payment of dividends to partners.

Cash flows in relation to financially leased assets are included as payment of interest and deduction of debt.

Cash and cash equivalents comprise liquid holdings, together with securities which have a remaining term of less than three months on the time of purchase, can be easily converted into liquid holdings, and for which the risk of a change in value is insignificant.

Cash flows in currencies other than the functional currency are converted using average exchange rates, unless these are significantly different to the rates on the day of the transaction.

Segment information

The segment information has been presented in accordance with the Group's accounting policies and is in accordance with the internal management reporting.

Segment income and expenses and segment assets and liabilities comprise the items that can be directly attributed to each segment, together with the items that can be allocated to each segment on a reliable basis. Non-distributed items primarily comprise assets and liabilities and income and expenses relating to the Group's administrative functions, investment activities, income taxes, etc.

Long-term assets in each segment comprise the long-term assets used directly in segment operations, including tangible and intangible assets and investment in affiliated companies. Short-term assets in each segment comprise short-term assets used directly in segment operations, including inventories, accounts receivable from sale, other accounts receivable, prepaid costs and liquid holdings.

Segment liabilities comprise liabilities resulting from the operating activity of the segment, including trade payables and other payables.


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Key figures

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Other key figures have been presented in accordance with the Danish Society of Investment Professionals' "Recommendations & Key Figures 2010".

The key figures specified in the annual report have been calculated as follows:

Profit ratio	Profit before financial items x 100 / Revenue
Return on equity	Profit for year x 100 / The Group's average equity
Book value per share (BVPS)	The Group's equity / No. of shares per DKK 100 end of year
Earnings per share at DKK 100 (EPS Basic)	Annual profit for continuing activities / Average number of DKK 100 shares
Price/earnings Basic (P/E Basic)	Share price / EPS Basic
Share price/book value (KI)	Share price / BVPS
Liquidity ratio	Short-term assets x 100 / Current liabilities
Equity ratio	The Group's equity x 100 / Total assets
Cash flow per DKK 100 share	Cash flows from operating activities x 100 / Number of shares
Return on net assets (ROIC)	Profit before financial items x 100 / Average number of shares in operation
Average number of shares in operation	Total assets - liquids – other interest-bearing assets


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Parent company 2009	Parent company 2010	Note no.	(Amounts in DKK '000)	The Group 2010	The Group 2009
		3	Revenue	2,061,881	2,121,507
		4	Production costs	(1,929,010)	(1,899,139)
			Gross profit	**132,871**	**222,368**
(4,433)	(4,525)	4.5	Administration costs	(182,812)	(187,486)
10,824	4,872	4.6	Other operating income	(830)	5,178
		8	Share of profit after tax in affiliated companies	6,587	5,950
6,391	**347**		**Primary operating profit**	**(44,184)**	**46,010**
7,577	31,712	9	Financial income	4,242	5,654
(1)	(19)	10	Financial expenditure	(7,259)	(8,749)
13,967	**32,040**		**Profit before tax**	**(47,201)**	**42,915**
(2,113)	(1,528)	11	Tax on profit/loss for the year	19,707	(16,684)
11,854	**30,512**		**Annual profit**	**(27,494)**	**26,231**
			Distribution of Group profits:		
			Shareholders of Arkil Holding A/S	(30,067)	23,372
			Minority interests	2,573	2,859
				(27,494)	**26,231**
			Proposed appropriation of profits:		
7,370	0		Suggested dividend		
4,484	30,512		Retained earnings		
11,854	**30,512**				
		12	Earnings per DKK 100 share	(63)	49
		12	Diluted earnings per share at DKK 100	(63)	49


Afstribning
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Parent company 2009	Parent company 2010	Note no.	(Amounts in DKK '000)	The Group 2010	The Group 2009
11,854	**30,512**		**Annual profit**	**(27,494)**	**26,231**
			Other comprehensive income:		
			Exchange rate adjustments for conversion of foreign entities	1,458	253
			Adjustment of value of derivatives	634	0
		24	Actuarial gains/losses on defined benefit plan pension schemes	(2,792)	4,907
		11	Tax on other comprehensive income	747	(1,472)
0	**0**		**Other comprehensive income after tax**	**47**	**3,688**
11,854	**30,512**		**Total comprehensive income**	**(27,447)**	**29,919**
			Distribution:		
			Shareholders of Arkil Holding A/S	(29,670)	26,535
			Minority interests	2,223	3,384
				(27,447)	**29,919**

Parent company 2009	Parent company 2010	Note no.	(Amounts in DKK '000)	The Group 2010	The Group 2009
			Assets		
			Long-term assets		
			Intangible assets		
		13	Goodwill	129,945	99,872
		14	Licences and rights	9,470	10,745
			Total intangible assets	**139,415**	**110,617**
			Tangible assets		
2,634	2,634	15	Land and buildings, owneroccupied properties	142,166	132,528
63,368	62,302	16	Investment properties	7,939	8,066
441	317	17	Technical equipment, machinery and fixtures	363,776	354,857
		18	Plant under construction	3,927	3,386
66,443	**65,253**		**Total tangible assets**	**517,808**	**498,837**
			Other long-term assets		
193,257	193,257	7	Investment in subsidiaries		
		8	Investment in affiliated companies	9,989	8,365
		22	Securities	476	584
		25	Deferred tax assets	10,179	4,749
193,257	**193,257**		**Total other long-term assets**	**20,644**	**13,698**
259,700	**258,510**		**Total long-term assets**	**677,867**	**623,152**
			Short-term assets		
		19	Stock on hand	56,119	49,230
		20	Contract works	63,722	83,844
128,790	149,313	21	Accounts receivable	445,475	425,540
161	5,800	29	Company tax receivable	6,016	0
746	852	22	Securities	22,886	20,731
410	1,444		Liquid assets	198,082	234,211
130,107	**157,409**			**792,300**	**813,556**
0	0		Assets earmarked for sale	0	6,944
130,107	**157,409**		**Total short-term assets**	**792,300**	**820,500**
389,807	**415,919**		**Total assets**	**1,470,167**	**1,443,652**

Parent company 2009	Parent company 2010	Note no.	(Amounts in DKK '000)	The Group 2010	The Group 2009
			Liabilities		
		23	**Equity**		
49,132	49,132		Share capital	49,132	49,132
			Exchange rate adjustment reserve	216	(1,236)
			Reserve for hedging transactions	0	0
329,068	359,761		Retained earnings	586,060	616,923
7,370	0		Suggested dividend	0	7,370
385,570	**408,893**		**Shareholders of Arkil Holding A/S' share of equity**	**635,408**	**672,189**
			Minority interests	**10,238**	**10,290**
385,570	**408,893**		**Total equity**	**645,646**	**682,479**
			Liabilities		
			Long-term liabilities		
		24	Pensions and similar liabilities	98,377	95,630
2,747	2,699	25	Deferred tax	28,360	42,472
		26	Provisions for liabilities and charges	21,139	24,750
0	221	27	Credit institutions	179,918	135,086
			Employee's bonds	2,894	2,894
2,747	**2,920**		**Total long-term liabilities**	**330,688**	**300,832**
			Current liabilities		
0	59	27	Credit institutions	62,832	55,705
		20	Contract works	51,092	36,780
1,490	4,047	28	Accounts payable and other debts	374,376	364,425
0	0	29	Corporation tax	0	1,061
		26	Provisions for liabilities and charges	5,533	1,233
				493,833	459,204
			Liabilities relating to assets earmarked for sale	0	1,137
1,490	**4,106**		**Total short-term liabilities**	**493,833**	**460,341**
4,237	**7,026**		**Total obligations**	**824,521**	**761,173**
389,807	**415,919**		**Total liabilities**	**1,470,167**	**1,443,652**
		30	Contingent liabilities and guarantees		
		31-39	Notes without reference		

Parent company 2009	Parent company 2010	Note no.	(Amounts in DKK '000)	The Group 2010	The Group 2009
13,967	32,040		Profit before tax	(47,201)	42,915
			Adjustments for non-cash operating items, etc.:		
1,139	1,209		Depreciation and write-downs	98,967	93,990
(5,820)	43		Other net operating items	(30,910)	(16,336)
			Provisions for liabilities and charges	371	(2,200)
			Dividends received, affiliated companies	4,758	7,686
(7,577)	(31,712)		Financial income	(4,242)	(5,654)
1	19		Financial expenditure	7,259	8,749
1,710	1,599		Cash flow from ordinary operations before changes in working capital	29,002	129,150
(1,832)	(19,446)	31	Changes in working capital	73,814	44,495
(122)	**(17,847)**		**Cash generated from ordinary operations**	**102,816**	**173,645**
4,786	5,598		Interest income received	2,206	4,644
(1)	(19)		Interest expenses paid	(6,594)	(8,622)
4,663	**(12,268)**		**Cash generated from ordinary operations**	**98,428**	**169,667**
(8,279)	(5,735)		Corporation tax paid	(9,841)	(20,114)
(3,616)	**(18,003)**		**Cash flows from operating activities**	**88,587**	**149,553**
			Sale of intangible assets	872	430
(4,413)	118	32	Purchases of tangible assets	(44,372)	(82,169)
10,100	100		Sale of tangible assets	19,832	20,937
			Purchases of securities	0	(4,090)
			Sale of securities	0	5,390
		39	Acquisition/sale of companies and activities	(90,246)	0
			Purchase/sale of affiliated companies	225	(225)
2,577	26,008		Dividends from subsidiaries		
8,264	**26,226**		**Cash flows from investing activities**	**(113,689)**	**(59,727)**

Parent company 2009	Parent company 2010	Note no.	(Amounts in DKK '000)	The Group 2010	The Group 2009
			External financing:		
			Repayment of leasing commitments	(31,576)	(31,565)
			Repayment of long term debt	(17,680)	(13,440)
			Proceeds of long-term loans, etc.	45,440	5,768
			Shareholders:		
(7,189)	(7,189)		Dividend payments	(9,386)	(9,903)
(7,189)	**(7,189)**		**Cash flows from financing activities**	**(13,202)**	**(49,140)**
(2,541)	**1,034**		**Cash flows for the year**	**(38,304)**	**40,686**
2,951	410		Opening liquid holdings	234,068	193,519
			Rate adjustments to liquid holdings	238	(137)
410	**1,444**		**Closing liquid holdings**	**196,002**	**234,068**
410	1,444		Liquid assets	198,082	234,211
0	0		Bank loan (bank overdraft)	(2,080)	(143)
410	**1,444**		**Closing liquid holdings**	**196,002**	**234,068**

(Amounts in DKK '000)	Shareholders of Arkil Holding A/S							
The Group	Share capital	Reserve for exchange-rate adjustments	Reserve for hedging transactions	Retained earnings	Suggested dividend	Total	Minority interests	Total
Equity as at 1 January 2009	**49,132**	**(1,479)**	**0**	**597,742**	**7,370**	**652,765**	**9,698**	**662,463**
Comprehensive income in 2009								
Correction of the profit/loss for the year		(4)		(13,779)		**(13,783)**	(1,117)	**(14,900)**
Annual profit				29,781	7,370	**37,151**	3,976	**41,127**
Other comprehensive income								
Exchange rate adjustments, foreign companies		247				**247**	10	**257**
Revaluation of pension liabilities				4,171		**4,171**	736	**4,907**
Tax on other comprehensive income				(1,251)		**(1,251)**	(221)	**(1,472)**
Other total comprehensive income	**0**	**247**	**0**	**2,920**	**0**	**3,167**	**525**	**3,692**
Total comprehensive income for the period	**0**	**243**	**0**	**18,922**	**7,370**	**26,535**	**3,384**	**29,919**
Transactions with owners								
Distributed dividend					(7,370)	**(7,370)**	(2,792)	**(10,162)**
Dividend, own shares				259		**259**		**259**
Total transactions with owners	**0**	**0**	**0**	**259**	**(7,370)**	**(7,111)**	**(2,792)**	**(9,903)**
Equity as at 31 December 2009	**49,132**	**(1,236)**	**0**	**616,923**	**7,370**	**672,189**	**10,290**	**682,479**

(Amounts in DKK '000)	Shareholders of Arkil Holding A/S							
The Group	Share capital	Reserve for exchange-rate adjustments	Reserve for hedging transactions	Retained earnings	Suggested dividend	Total	Minority interests	Total
Equity as at 1 January 2010	**49,132**	**(1,232)**	**0**	**630,702**	**7,370**	**685,972**	**11,407**	**697,379**
Correction of the profit/loss for 2009		(4)	0	(13,779)	0	**(13,783)**	(1,117)	**(14,900)**
Adjusted equity as at 1 January 2010	**49,132**	**(1,236)**	**0**	**616,923**	**7,370**	**672,189**	**10,290**	**682,479**
Comprehensive income in 2010								
Annual profit				(30,067)		**(30,067)**	2,573	**(27,494)**
Other comprehensive income								
Exchange rate adjustments, foreign companies		1,452				**1,452**	6	**1,458**
Revaluation of pension liabilities				(2,373)		**(2,373)**	(419)	**(2,792)**
Adjustment of value of derivatives				634		**634**	0	**634**
Tax on other comprehensive income				684		**684**	63	**747**
Other total comprehensive income	**0**	**1,452**	**0**	**(1,055)**	**0**	**397**	**(350)**	**47**
Total comprehensive income for the period	**0**	**1,452**	**0**	**(31,122)**	**0**	**(29,670)**	**2,223**	**(27,447)**
Transactions with owners								
Distributed dividend					(7,370)	**(7,370)**	(2,275)	**(9,645)**
Dividend, own shares				259		**259**		**259**
Total transactions with owners	**0**	**0**	**0**	**259**	**(7,370)**	**(7,111)**	**(2,275)**	**(9,386)**
Equity as at 31 December 2010	**49,132**	**216**	**0**	**586,060**	**0**	**635,408**	**10,238**	**645,646**

(Amounts in DKK '000)				
Parent company	Share capital	Retained earnings	Suggested dividend	Total
Equity as at 1 January 2009	**49,132**	**324,403**	**7,370**	**380,905**
Annual comprehensive income		4,484	7,370	11,854
Total comprehensive income	**0**	**4,484**	**7,370**	**11,854**
Distributed dividend			(7,370)	(7,370)
Dividend, own shares		181		181
Total movements in equity for 2009	**0**	**4,665**	**0**	**4,665**
Equity as at 31 December 2009	**49,132**	**329,068**	**7,370**	**385,570**
Movements in equity during 2010				
Annual comprehensive income		30,512	0	30,512
Total comprehensive income	**0**	**30,512**	**0**	**30,512**
Distributed dividend			(7,370)	(7,370)
Dividend, own shares		181	0	181
Total movements in equity for 2010	**0**	**30,693**	**(7,370)**	**23,323**
Equity as at 31 December 2010	**49,132**	**359,761**	**0**	**408,893**


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Note

Note 1 Accounting estimates and judgements

Estimation uncertainties

Calculation of the book value of certain assets and liabilities requires assessments, estimates and assumptions about future events.

The main estimates cover stages of completion on contract works that are calculated on the basis of project phases and the lifetimes of technical equipment, material and inventory.

The assumptions and estimates made are based on historic experiences and other factors which the management believe to be responsible in the circumstance, but which are uncertain and unpredictable by nature. These assumptions may be imperfect or imprecise, and unexpected events or circumstances may arise. The company is also exposed to risks and uncertainties that may lead to actual outcomes deviating from these estimates. Risks for the Arkil Holding Group are discussed in the management's review, page 25, and note 34.

It may be necessary to change previous estimates as a result of changes in the conditions that formed the basis for the earlier estimates or due to new knowledge or subsequent events.

Calculations that are significant to the presentation of the accounts are made by taking account of depreciations and write-downs, sales value of contracts, pensions and similar liabilities, provisions for liabilities and contingent liabilities and assets.

The Group has entered into leasing agreements concerning properties. The leasing agreements have been entered into in accordance with normal rental terms, and the management specifically intends for these to be treated as operating leases.

Impairment test for goodwill

For the annual impairment test for goodwill, an estimate is made of how the parts of the company (cash-flow generating entities) with which the goodwill is associated will be able to generate sufficient positive future net cash-flows to sustain the value of goodwill and other net assets in the relevant part of the company.

The estimate of the future free net cash-flow is based on budgets and business plans for the coming five years and projections for subsequent years. Important parameters are development of turnover, profit ratio, future construction investments and anticipated growth for the years after the coming five five years. Budgets and business plans for the coming five years are based on concrete future business measures, where risks in the important parameters are values and calculated into the future anticipated free cash-flows. Projections after the coming five years are based on general expectations and risks.

The discount rates used for calculation of the recovery value are pre-tax and reflect the risk-free interest plus specific risks in the individual segments. The cash-flows used take into account the effect of the future risks associated with this, and such risks are therefore not included in the discount rates applied.

As a result of the nature of the business, an estimate must be made of anticipated cash-flows many years ahead, which naturally gives some uncertainty. The uncertainty is reflected in the discount rate selected.

The impairment test and the particularly sensitive circumstances in connection with this, as described in note 13 in the consolidated accounts.

Recovery of deferred tax assets

Deferred tax assets are included for all non-utilised tax loss to the extent that it is considered probable that taxable profit will be realised within the next few years in which period the losses can be offset.

As at 31 December 2010, deferred tax assets of DKK 1.6 million can be assigned to tax losses. The remaining tax assets can be generally assigned to pension commitments.

Note 2 Segment information

(Amounts in DKK '000)	2010 Roads	Piping	Foundations	Segments subject to reporting total
Revenue	1,914,663	113,360	76,351	**2,104,374**
Internal turnover	(11,088)	(7,422)	(23,983)	**(42,493)**
Revenue	**1,903,575**	**105,938**	**52,368**	**2,061,881**
Primary operating profit	(43,684)	1,186	366	**(42,132)**
Share of profit/loss in affiliated companies	6,587	0	0	**6,587**
Segment assets	1,315,906	43,594	46,593	**1,406,093**
Of which, investment in affiliated companies	9,989	0	0	**9,989**
Capital expenditure including acquisition of companies	135,226	1,470	555	**137,251**
Depreciation	81,469	3,012	5,076	**89,557**
Write-downs	0	0	0	**0**
Cash flows from operating activities	61,360	7,649	8,157	**77,166**
Cash flows from investing activities	(93,071)	(2,301)	(566)	**(95,938)**
Cash flows from financing activities	(13,691)	(3,964)	(2,479)	**(20,134)**
Segment liabilities	907,132	39,314	10,077	**956,523**

Trade between segments takes place under normal market conditions.

Note 2 Segment information (continued)

(Amounts in DKK '000)	2009 Roads	Piping	Foundations	Segments subject to reporting total
Revenue	1,976,582	104,918	89,883	**2,171,383**
Internal turnover	(33,511)	(7,044)	(9,321)	**(49,876)**
Revenue	**1,943,071**	**97,874**	**80,562**	**2,121,507**
Primary operating profit	40,571	(982)	180	**39,769**
Share of profit/loss in affiliated companies	5,950	0	0	**5,950**
Segment assets	1,297,161	43,330	44,774	**1,385,265**
Of which, investment in affiliated companies	8,365	0	0	**8,365**
Investment in plant	62,360	1,694	531	**64,585**
Depreciation	78,090	3,244	5,370	**86,704**
Write-downs	0	0	0	**0**
Cash flows from operating activities	152,436	(6,009)	4,324	**150,751**
Cash flows from investing activities	(55,296)	(1,699)	(531)	**(57,526)**
Cash flows from financing activities	(56,476)	9,327	(4,270)	**(51,419)**
Segment liabilities	833,456	39,918	8,507	**881,881**

Trade between segments takes place under normal market conditions.

Note 2 Segment information (continued)

Geographical Information

Arkil Holding A/S operate primarily on the Danish, Swedish, Irish and German markets.

Upon presentation of information concerning geographical areas, the information on distribution of revenue in geographical segments is calculated based on the geographical location of customers while information about the distribution of assets in geographical segments is calculated based on the physical location of assets.

Revenue and long-term assets are distributed in the following way:

	2010		2009	
(Amounts in DKK '000)	Revenue	Long-term assets	Revenue	Long-term assets
Denmark	1,239,731	450,825	1,355,826	388,061
Germany	700,066	175,417	668,464	176,248
Rest of Europe	122,084	51,625	97,217	58,843
	2,061,881	**677,867**	**2,121,507**	**623,152**

	The Group	
(Amounts in DKK '000)	**2010**	**2009**
Reconciliation of the revenue, result, assets and liabilities of segments subject to reporting		
Revenue		
Segment revenue of segments subject to reporting	2,104,374	2,171,383
Elimination of intercompany revenue	(42,493)	(49,876)
Segment revenue of segments not subject to reporting	0	0
Total revenue cf. the income statement	**2,061,881**	**2,121,507**
Profit before tax		
Segment result of segments subject to reporting	(43,723)	41,012
Segment result of segments not subject to reporting	(3,478)	1,903
Profit/loss before tax cf. the income statement	**(47,201)**	**42,915**
Assets		
Segment assets of segments subject to reporting	1,406,093	1,385,265
Segment assets of segments not subject to reporting	64,074	58,387
Assets cf. balance sheet	**1,470,167**	**1,443,652**
Liabilities		
Segment liabilities of segments subject to reporting	956,523	881,881
Segment liabilities of segments not subject to reporting	(132,002)	(120,708)
Liabilities cf. balance sheet	**824,521**	**761,173**

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 3 Segment information		
		Sale of goods	139,526	122,348
		Sales value of production and contract works for the year	1,922,355	1,999,159
			2,061,881	**2,121,507**
		Note 4 Costs		
		Production costs		
		Goods consumed for the year	186,037	170,949
		Write-down of inventories for the year	158	226
		Write-downs on inventories carried back	0	0
		Personnel expenses		
1,200	1,260	Remuneration to the board of the parent company	1,260	1,200
742	1,502	Wages and salaries	533,913	547,046
1,007	233	Contribution-based pension schemes	49,810	58,163
		Defined-benefit pension schemes	5,698	6,474
6	6	Other personnel expenses	46,884	47,097
2,955	**3,001**		**637,565**	**659,980**
1,200	1,260	Remuneration to board	1,260	1,200
728	1,508	Management salaries	3,061	2,321
1,007	233	Management pensions	233	1,007
		Salaries for other leading employees	6,572	5,739
		Pensions for other leading employees	848	1,866
20	0	Other employees	625,591	647,847
2,955	**3,001**		**637,565**	**659,980**
		Management receive a fixed remuneration as well as a bonus in foreign subsidiaries,		
		Remuneration to the Board		
480	504	Chairman of the Board (3 x ordinary member's remuneration)	504	480
240	252	Deputy Chairman of the Board (1,5 x ordinary member's remuneration)	252	240
480	504	Ordinary members (DKK 168,000 per member)	504	480
1,200	**1,260**		**1,260**	**1,200**
		Remuneration to the Board is a fixed monetary payment, to be presented at the company's ordinary general meeting,		
		Staff costs are included in the annual accounts as:		
		Production costs	507,858	528,004
2,955	3,001	Administration costs	129,707	131,977
2,955	**3,001**		**637,565**	**659,981**
1	1	Average number of employees	1,623	1,750

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 4 Costs (continued)		
		Depreciation and write-downs		
		Depreciation, intangible assets	424	433
1,139	1,209	Depreciation, tangible assets	98,424	93,557
1,139	**1,209**		**98,848**	**93,990**
		Depreciation and write-downs is included as follows:		
		Production costs	93,214	87,418
125	124	Administration costs	4,549	5,558
1,014	1,085	Other operating income/expenditure	1,085	1,014
1,139	**1,209**		**98,848**	**93,990**
		Note 5 Remuneration for auditors elected by the Annual General Meeting		
		Total remuneration for KPMG can be specified in the following way:		
197	202	Compulsory audit	1,817	1,629
		Other tasks to do with declaration of security	0	15
21	21	Tax and VAT advice	337	194
119	335	Other services	1,074	316
337	**558**		**3,228**	**2,154**
		Note 6 Other operating income		
		Other operating income comprises entries of a secondary nature in relation to the Company's main objective, including profit for the letting of properties,		

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 7 Investments in subsidiaries		
193,257	193,257	Cost price, 1 January		
0	0	Disposals for the year		
193,257	**193,257**	**Cost price, 31 December**		
		Write-downs, 1 January		
		Write-downs		
		Write-downs, 31 December		
193,257	**193,257**	**Book value as at 31 December**		

Holding 2009	Holding 2010	
100%	100%	Arkil A/S, Haderslev, Denmark
100%	100%	Arkil Fundering A/S, Middelfart, Denmark
100%	100%	Arkil Holding GmbH, Germany

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 8 Investments in associated companies		
		Cost price, 1 January	8,761	8,546
		Exchange rate adjustment	15	(10)
		Additions during the year	0	225
		Disposals for the year	(225)	0
		Cost price, 31 December	**8,551**	**8,761**
		Adjustments, 1 January	(396)	1,341
		Exchange rate adjustment	(1)	(2)
		Distribution	(4,758)	(7,686)
		Share of the profit/loss for the year	6,593	5,951
		Adjustments, 31 December	**1,438**	**(396)**
		Book value as at 31 December	**9,989**	**8,365**
		Main figures for affiliated companies		
		Revenue	126,036	137,367
		Annual profit	14,044	13,143
		Total assets	42,639	44,410
		Total obligations	22,324	27,751
		Equity	20,315	16,659
		Contingent liabilities	0	0
		The Group's share of affiliated companies has been included in the annual accounts as follows:		
		Equity	9,988	8,365
		Annual profit	6,587	5,950
			Ownership interest in %	
		The affiliated companies are:		
		Vejcon OPP A/S, Haderslev, Denmark	0.00	33.75
		SAM Stralsund Asphaltmischwerke GmbH & Co, KG, Langendorf/Stralsund, Germany	47.18	47.18
		SAM Stralsund Asphaltmischwerke Verwaltungs GmbH, Langendorf/Stralsund, Germany	47.18	47.18
		Hanse Asphalt GmbH, Rostock, Germany	46.25	46.25
		GAM Greifswalder Asphaltmischwerke GmbH & Co, KG, Rostock, Germany	45.33	45.33
		GAM Greifswalder Asphaltmischwerke Verwaltungs GmbH, Rostock, Germany	45.33	45.33
		AMK Asphaltmischwerke Kiel GmbH & Co, KG, Kiel, Germany	36.30	36.30
		AMK Asphaltmischwerke Kiel Verwaltungs GmbH, Schleswig, Germany	36.34	36.34

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 9 Financial income		
4,627	5,429	Interest income, subsidiaries		
100	0	Interest and dividend on securities (present value)	163	182
		Interest and dividend on securities (available for sale)	188	154
214	106	Exchange gains from securities (present value)	2,036	2,017
		Exchange gains from securities (available for sale)		
2,577	26,008	Dividends from subsidiaries		
		Exchange rate adjustments	267	0
59	169	Interest credit institutions etc.	1,588	3,301
7,577	**31,712**	**Total financial income**	**4,242**	**5,654**
		Note 10 Financial costs		
1	13	Interest on financial liabilities that are measured at the amortized cost price	6,967	7,275
		Exchange rate adjustments and losses from securities (present value)	31	1,208
0	6	Interest expenses to subsidiaries		
		Interest element, discounted liabilities	248	236
		Foreign-exchange loss	13	30
1	**19**	**Total financial expenditure**	**7,259**	**8,749**
		Note 11 Tax		
		Taxation for the year comprises:		
2,113	1,528	Tax on profit/loss for the year	(19,707)	16,684
		Tax on other comprehensive income	(747)	1,472
2,113	**1,528**		**(20,454)**	**18,156**
		Tax on profit for the year is calculated as follows:		
2,181	1,455	Current tax	3,334	14,891
(153)	66	Deferred tax	(15,075)	1,678
(88)	(114)	Current tax concerning previous years	(7,395)	0
173	121	Current tax concerning previous years	(571)	115
2,113	**1,528**		**(19,707)**	**16,684**

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 11 Tax (continued)		
		Tax on profit for the year can be explained as follows:		
3,492	8,010	25% tax calculated on pre-tax profit/loss	(11,800)	10,729
		Adjustment of tax calculated in foreign associated companies in relation to 25%	2,070	8,552
		Loss to be carried over with a tax value of 0	0	42
		Tax effect of:		
(645)	0	Tax-free dividends		
(907)	13	Other adjustments	(35)	(969)
		Share of profit after tax in affiliated companies	(1,976)	(1,785)
173	7	Adjustment of tax regarding previous years	(7,966)	115
2,113	**8,030**		**(19,707)**	**16,684**
15.1%	25.1%	Effective tax rate	41.8%	38.9%

Tax on other comprehensive income

	2010			2009		
	pre-tax	Tax revenue/ cost	Post-tax	Pre-tax	Tax revenue/ cost	Post-tax
Exchange rate adjustments for conversion of foreign entities	1,458	0	1,458	257	0	257
Value adjustment of derivative financial instruments	634	(91)	543	0	0	0
Actuarial gains/losses on defined-benefit pension schemes	(2,792)	838	(1,954)	4,907	(1,472)	3,435
	(700)	747	47	5,164	(1,472)	3,692

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 12 Earnings per share		
		Annual profit	(27,494)	26,231
		Minority interests' share of consolidated profit/loss	(2,573)	(2,859)
		Shareholders of Arkil Holding A/S	**(30,067)**	**23,372**
		Average number of shares at DKK 100	49,132	49,132
		Average number of own shares	(1,730)	(1,730)
		Average number of shares in circulation	**47,402**	**47,402**
		Average dilution effect of outstanding share options	0	0
		Diluted average number of shares in circulation	**47,402**	**47,402**
		Earnings per DKK 100 share (EPS)	(63)	49
		Diluted earnings per share at DKK 100 (EPS-D)	(63)	49

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 13 Goodwill		
		Cost price, 1 January	99,872	100,291
		Additions through acquisition	30,073	0
		Adjustment of purchase price	0	(430)
		Exchange rate adjustment	0	11
		Cost price, 31 December	**129,945**	**99,872**
		Write-downs, 1 January	0	0
		Write-downs	0	0
		Disposals	0	0
		Write-downs, 31 December	**0**	**0**
		Book value as at 31 December	**129,945**	**99,872**

Goodwill

Goodwill is therefore distributed on the following cash-flow generating entities:

Arkil A/S	31,190	31,190
Stürup Ingeniør- og Entreprenørfirma A/S	21,488	0
Sturup Trekantsområdet A/S	8,585	0
Arkil Fundering A/S	12,963	12,963
Arkil Holding GmbH	55,719	55,719
Book value as at 31 December	**129,945**	**99,872**

Management have carried out a value test of the book value of goodwill.

Stürup Ingeniør- og Entreprenørfirma A/S and Sturup Trekantsområdet A/S have, as of 1 January 2011, merged with Arkil A/S and can no longer be isolated in independent cash-flow generating entities.

The recoverable amount is based on the capital value, which is determined using the expected net cash flows on the basis of the budgets for 2011-15 approved by the management, and a discounting factor before tax of 12%, which is unchanged as compared with last year.

The budgets are prepared on the basis of the management's evaluation and expectations in respect of the market development and earning prospects for each entity.

The weighted average growth rate used for extrapolation is estimated to be the following:

Arkil A/S	2%-point
Stürup Ingeniør- og Entreprenørfirma A/S	2%-point
Sturup Trekantsområdet A/S	2%-point
Arkil Fundering A/S	2%-point
Arkil Holding GmbH	2%-point

The growth rates are not expected to exceed the long-term average growth rate within the company's markets. The growth rates are unchanged as compared with last year.

The present value of expected future net cash-flows is sufficient to be equivalent to the book value of goodwill as at 31 December 2010.

Sensitivity analysis

A sensitivity analyses were preformed that show that if reasonably probable changes occur in the primary preconditions that form the basis for calculation of the recoverable values, these will still exceed the book value.

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 14 Licences and rights		
		Cost price, 1 January	12,040	12,058
		Exchange rate adjustment	25	(18)
		Additions	0	0
		Disposals	(872)	0
		Cost price, 31 December	**11,193**	**12,040**
		Depreciation and write-downs, 1 January	(1,295)	(866)
		Exchange rate adjustment	(6)	4
		Depreciation for the year	(422)	(433)
		Disposals	0	0
		Depreciation and write-downs, 31 December	(1,723)	(1,295)
		Book value as at 31 December	**9,470**	**10,745**
		Note 15 Land and buildings, owner-occupied properties		
3,726	3,726	Cost price, 1 January	170,877	163,242
		Exchange rate adjustment	857	211
		Additions	1,095	11,262
		Additions through acquisition	12,053	0
		Transferred to assets earmarked for sale	0	(1,069)
		Disposals	(364)	(2,769)
3,726	**3,726**	**Cost price, 31 December**	**184,518**	**170,877**
(1,092)	(1,092)	Depreciation and write-downs, 1 January	(38,349)	(35,410)
		Exchange rate adjustment	(355)	(78)
		Depreciation	(3,870)	(3,597)
		Transferred to assets earmarked for sale	0	231
		Disposals	222	505
(1,092)	**(1,092)**	**Depreciation and write-downs, 31 December**	**(42,352)**	**(38,349)**
2,634	**2,634**	**Book value as at 31 December**	**142,166**	**132,528**
0	**0**	**Financially leased asset component**	**0**	**0**
0	**0**	**Capital commitments**	**0**	**0**

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 16 Investment properties		
81,034	80,946	Cost price, 1 January	14,818	19,230
4,413	162	Additions	0	90
(4,501)	(325)	Disposals	0	(4,502)
80,946	**80,783**	**Cost price, 31 December**	**14,818**	**14,818**
(18,564)	(17,578)	Depreciation and write-downs, 1 January	(6,752)	(8,626)
(1,014)	(1,085)	Depreciation	(127)	(127)
2,000	182	Disposals	0	2,001
(17,578)	**(18,481)**	**Depreciation and write-downs, 31 December**	**(6,879)**	**(6,752)**
63,368	**62,302**	**Book value as at 31 December**	**7,939**	**8,066**
91,329	**94,050**	**Fair value of investment properties**	**13,100**	**12,329**
		The fair value of investment properties is calculated on the basis of a Discounted Cash Flow model with a demand for yield of 5-7%		
6,419	6,415	Rental income from investment properties	713	772
(115)	(286)	Operating costs concerning investment properties	(291)	(229)
6,304	**6,129**	**Operation of investment properties**	**422**	**543**
		Note 17 Technical plant, machinery and fixtures		
1,904	1,904	Cost price, 1 January	846,020	809,099
		Exchange rate adjustment	4,189	1,006
		Additions	54,419	74,763
		Additions through acquisition	61,674	0
		Transferred to assets earmarked for sale	0	(5,020)
		Disposals	(57,696)	(33,828)
1,904	**1,904**	**Cost price, 31 December**	**908,606**	**846,020**
(1,338)	(1,463)	Depreciation and write-downs, 1 January	(491,163)	(432,607)
		Exchange rate adjustment	(3,583)	(910)
(125)	(124)	Depreciation	(94,548)	(89,893)
		Transferred to assets earmarked for sale	0	2,452
		Disposals	44,464	29,795
(1,463)	**(1,587)**	**Depreciation and write-downs, 31 December**	**(544,830)**	**(491,163)**
441	**317**	**Book value as at 31 December**	**363,776**	**354,857**
0	**0**	**Financially leased asset component**	**87,645**	**86,774**
0	**0**	**Capital commitments**	**0**	**0**

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 18 Plant under construction		
		Cost price, 1 January	3,386	4,208
		Exchange rate adjustment	0	(4)
		Additions	3,928	3,403
		Transferred to assets earmarked for sale	0	(18)
		Retained	(3,387)	(4,203)
		Cost price, 31 December	**3,927**	**3,386**
		Book value as at 31 December	**3,927**	**3,386**
		Note 19 Inventories		
		Raw materials and consumables	44,835	41,662
		Work in progress	431	508
		Finished goods	10,853	7,060
			56,119	**49,230**
		Book value of stock on hand written down at present value	267	349
		Note 20 Construction contracts		
		Sale value of works contracts	744,734	751,524
		Invoiced instalments	(732,104)	(704,460)
			12,630	**47,064**
		Inclusions:		
		Contract works (assets)	63,722	83,844
		Contract works (liabilities)	(51,092)	(36,780)
			12,630	**47,064**
		Prepayments from customers	273	735
		Withheld payments	0	0

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 21 Receivables		
		Accounts receivable from sales and services	417,323	393,744
118,336	149,141	Accounts receivable at associated companies		
10,454	172	Other accounts receivable	28,152	31,796
128,790	**149,313**		**445,475**	**425,540**
		Write-downs included in the receivables above have progressed as follows:		
		1 January	11,386	13,160
		Rate adjustments	15	(13)
		Additions through acquisition	1,832	0
		Write-downs in the year	3,437	3,926
		Realised in the year	(3,693)	(3,149)
		Carried back	(865)	(2,538)
		31 December	**12,112**	**11,386**
		Individual write-downs comprised	11,390	10,488

Credit risks in connection with the individual receivables depend primarily on the debtors' registered office. Based on the Group's internal credit rating procedures and external ratings, the credit quality of receivables not written down is estimated to be of a high quality with a low risk of loss, see note 34 for information regarding credit rating procedures, etc.

Receivables from sales not written down are distributed geographically as follows:

Scandinavia	325,159	309,627
Rest of Europe	92,164	84,117
Rest of the World	0	0
	417,323	**393,744**

The Group's receivables from sales as at 31 December 2010 include a write-down of DKK 12,112,000 (2009: DKK 11,386,000). The write-downs are mainly due to clients' bankruptcy or anticipated bankruptcy. Furthermore, receivables overdue as at 31 December, but not written down, are included as follows:

Due date:		
Up to 30 days	63,787	62,023
Between 30 and 90 days	12,895	15,042
Over 90 days	42,152	12,866
	118,834	**89,931**

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 22 Securities		
		Unlisted shares	476	584
746	852	Listed shares	22,886	20,731
746	**852**		**23,362**	**21,315**
		Thus, the balance sheet comprises:		
		Long-term assets	476	584
746	852	Short-term assets	22,886	20,731
746	**852**		**23,362**	**21,315**
		Fair value hierarchy:		
746	852	Level 1, listed	22,886	20,731
		Level 2, observable	476	584
746	**852**		**23,362**	**21,315**

Parent company 2009	Parent company 2010	(Amounts in DKK '000)		The Group 2010	The Group 2009
		Note 23 Equity			
		Share capital			
49,132	49,132	1 January		49,132	49,132
49,132	**49,132**	**31 December**		**49,132**	**49,132**
		Share capital can be divided as follows:			
6,150	6,150	Class A shares		6,150	6,150
42,982	42,982	Class B shares		42,982	42,982
49,132	**49,132**			**49,132**	**49,132**
		Class A share capital is divided as follows:			
1,367	1,367	1 share valued at	DKK 1,367,400	1,367	1,367
83	83	1 share valued at	DKK 82,600	83	83
3,450	3,450	69 shares valued at	DKK 50,000	3,450	3,450
1,105	1,105	221 shares valued at	DKK 5,000	1,105	1,105
130	130	130 shares valued at	DKK 1,000	130	130
15	15	30 shares valued at	DKK 500	15	15
6,150	**6,150**			**6,150**	**6,150**
		There are 429,823 Class B shares valued at DKK 100 (nom.).			
		Vote distribution:			
10	10	DKK 100 class A shares			
1	1	DKK 100 class B shares			
		Own shares			
12,100	12,100	Opening		17,300	17,300
0	0	Additions		0	0
12,100	**12,100**	**Closing number of shares**		**17,300**	**17,300**
1,210	1,210	Nominal value		1,730	1,730
2.5%	2.5%	% of share capital		3.5%	3.5%
15	15	Dividend per share at DKK 100			

In recent years, the Group has purchased own shares at a nominal value of 1,730,000 at an average price of DKK 836, equivalent to a cost price of DKK 14,462,000.

Of which holdings in subsidiaries constitutes nominally DKK 520,000 at a cost price of DKK 3,641,000.

Until the next ordinary general meeting, however, no later than 21 October 2011, the Board is authorised to let the company acquire own shares at a nominal value of no more than 10% of the share capital at any given time. The acquisition must take place at a price not exceeding the end-buyer price of B shares listed at the Copenhagen Stock Exchange at the transfer date plus 10%.

The aim is to achieve flexibility in connection with the acquisition of companies and the conclusion of strategic cooperation agreements.

(Amounts in DKK '000)	The Group 2010	2009

Note 24 Pensions and similar obligations

Under **defined** contribution plans, the employer is obliged to pay a fixed contribution (e.g. a fixed amount or a fixed percentage of the salary). The Group bears no risk in respect of development in interest, inflation, mortality and invalidity under a defined contribution plan.

Under **defined** benefit plans, the employer is obliged to pay a fixed contribution (e.g. retirement pension as a fixed amount or a fixed percentage of the final salary). The Group bears the risk in respect of development in interest, inflation, mortality and invalidity under a defined benefit plan.

The pension obligations of Danish companies are covered by insurance. Some foreign companies are also covered by insurance. Foreign companies which have no or only partial insurance cover (defined benefit plans) calculate their liability actuarially at present value on the balance sheet date. In the consolidated accounts DKK 98,377,000 has been included under obligations (2009: DKK 95,630,000) concerning the Group's obligations towards present and previous employees. The unfunded pension plans comprise plans for all groups of employees. The parent company exclusively uses defined contributions plans.

Present value of defined-benefit schemes	98,377	95,630
Current value of scheme assets	0	0
Total	**98,377**	**95,630**
Changes in recognised liability:		
Net liability/asset, 1 January	95,630	100,142
Exchange rate adjustment	166	(122)
Pensions paid out	(5,909)	(5,957)
Pension expenses relating to the current financial year	5,698	6,474
Actuarial loss (gain)	2,792	(4,907)
Net liability, 31 December	**98,377**	**95,630**
Pension expenses included in the profit and loss account:		
Pension expenses relating to the current financial year	965	902
Calculated interest relating to liability	4,733	5,572
Recognised total for defined-benefit schemes	**5,698**	**6,474**
Recognised in contribution-based schemes	49,810	58,163
Total recognised in the profit and loss account	**55,508**	**64,637**
The costs are included in the following items in the profit and loss account:		
Production costs	42,954	54,858
Administration costs	12,554	9,779
Total recognised in the profit and loss account	**55,508**	**64,637**

(Amounts in DKK '000)	The Group 2010	2009
Note 24 Pensions and similar obligations (continued)		
The statement of included gains and losses includes the following accumulated actuarial gains/losses since January 1st 2005:		
Accumulated actuarial gains/losses	**12,286**	**15,078**

The Group expects to pay DKK 5,827,000 into the defined-benefit scheme in 2011.

Assumptions on which the actuarial calculations are based on the balance date, on average:

Discounting rate	4.85%	5.14%
Future wage rise rate	1.00%	1.00%

Amounts for the present year and the previous 4 years for the Group's pension obligations are as follows:

	2010	2009	2008	2007	2006
Actuarially calculated pension commitments	(98,377)	(95,630)	(100,142)	(101,529)	(109,288)
Pension assets	0	0	0	0	0
Surplus/shortfall	**(98,377)**	**(95,630)**	**(100,142)**	**(101,529)**	**(109,288)**
Empirical changes to liabilities	0	0	0	0	0
Empirical changes to the pension assets	0	0	0	0	0

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 25 Deferred tax		
2,988	2,747	Deferred tax, 1 January	37,723	34,570
		Exchange rate adjustment	5	3
		Additions through acquisition	3,669	0
(241)	(48)	Annual deferred tax included in the annual profit/loss	(22,470)	1,678
		Annual deferred tax included in equity	(746)	1,472
2,747	**2,699**	**Deferred tax, 31 December**	**18,181**	**37,723**
		Deferred tax is included in the balance sheet as follows:		
		Deferred tax (asset)	(10,179)	(4,749)
2,747	2,699	Deferred tax (liabilities)	28,360	42,472
2,747	**2,699**	**Net deferred tax, 31 December**	**18,181**	**37,723**
		Deferred tax relates to:		
		Intangible assets	10,464	10,582
2,639	2,557	Tangible assets	40,858	37,688
		Financial assets	115	0
108	142	Short-term assets	2,133	13,611
		Provisions for liabilities and charges	(12,358)	(15,567)
		Other liabilities	(21,459)	(8,591)
		Tax losses	(1,572)	0
2,747	**2,699**		**18,181**	**37,723**

The tax value of the retaxation balance relating to Inpipe Sweden AB, which withdrew from joint taxation as of 1 January 2005, is not included under deferred tax. The tax value amounts to DKK 6,348,000,

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 26 Provisions		
		Guarantee obligations, 1 January	14,855	16,610
		Exchange rate adjustment	88	6
		Used this year	(1,131)	(1,279)
		Carried back	(2,932)	(2,438)
		Provided this year	3,317	1,956
		Guarantee obligations, 31 December	**14,197**	**14,855**
		Other liabilities, 1 January	11,128	12,102
		Exchange rate adjustment	19	(17)
		Used this year	(75)	(184)
		Effect of discounting	248	236
		Carried back	0	(1,184)
		Provided this year	1,155	175
		Other liabilities, 31 December	**12,475**	**11,128**
		Provisions for liabilities, 31 December	**26,672**	**25,983**
		Provisions for liabilities are expected to fall due after:		
		Current liabilities	5,533	1,233
		Long-term liabilities	21,139	24,750
		Provisions for liabilities, 31 December	**26,672**	**25,983**

Guarantee obligations relate to completed contracts, which are normally guaranteed for up to 5 years.

Other liabilities relate to site remediation of quarries and known obligations in respect of work completed. The liability has been calculated on the basis of specific expectations of future costs.

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 27 Debt to credit institutions		
		Loans	161,362	122,699
0	280	Lease commitments	79,308	67,949
		Bank loan (bank overdraft)	2,080	143
0	280	**Book value**	**242,750**	**190,791**
0	0	Of which at a fixed interest	0	0
0	221	Long-term liabilities	179,918	135,086
0	59	Current liabilities	62,832	55,705
0	**280**		**242,750**	**190,791**
0	280	Nominal value	242,750	190,791

The fair value is calculated as the present value of expected future principal and interest repayments. The Group's current borrowing rate for equivalent maturities has been used as discount rate.

It is the Group's policy in connection with borrowing to ensure the greatest possible flexibility through spreading the borrowing over due dates and counterparts.

Financial leasing
Liabilities relating to financially leased assets are included under debt to credit institutions:

	The Group					
	2010			2009		
	Minimums-leasingpayment	Interest element	Present value	Minimums-leasingpayment	Interest element	Present value
0-1 years	23,902	1,674	22,228	23,587	944	22,643
1-5 years	52,480	2,484	49,996	41,571	1,477	40,094
> 5 years	7,214	130	7,084	5,319	107	5,212
	83,596	**4,288**	**79,308**	**70,477**	**2,528**	**67,949**

There are no contingent rentals under the leasing contracts.

The present value of the obligations concerning assets held under a finance lease corresponds to the book value. The fair value is estimated as the present value of future cash-flows at a market interest for corresponding leases.

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 28 Trade payables and other debts		
76	109	Trade creditors	143,920	114,263
331	2,879	Debts to associated companies		
1,083	1,059	Other debt	230,456	250,162
1,490	**4,047**		**374,376**	**364,425**
		Note 29 Company tax		
127	(161)	Corporation tax payable, 1 January	1,061	6,291
		Exchange rate adjustment	1	(8)
7,818	(25)	Current annual tax incl. jointly taxed subsidiaries	2,763	14,892
173	121	Other adjustments	0	0
(8,279)	(5,735)	Corporation tax paid during the year	(9,841)	(20,114)
(161)	**(5,800)**	**Company tax receivable, 31 December**	**(6,016)**	**1,061**
		Note 30 Contingent liabilities and collateral		
		Guarantees issued by a third party to clients	550,675	435,878
		The company is participating in joint ventures with joint and several liability with total debts amounting to DKK 34.4 million. No loss is expected in this context, beyond what has been included in the accounts.		
		Note 31 Changes in working capital		
		Changes in stock on hand	(6,889)	2,782
444	(22,003)	Changes in accounts receivable	118,203	33,943
(2,276)	2,557	Changes in creditor and other debt	(37,500)	10,155
		Transferred to assets and liabilities concerning activities for sale	0	(2,385)
(1,832)	**(19,446)**		**73,814**	**44,495**
		Note 32 Net purchases of fixed assets		
(4,413)	(162)	Purchases of tangible assets	(56,055)	(85,316)
0	280	Leasing debt contracted	11,683	3,147
(4,413)	**118**		**(44,372)**	**(82,169)**

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009

Note 33 Related parties

Closely related parties with a controlling influence:
Chairman of the Board Niels Arkil, Haderslev, class A shareholder

The actuarial value of pension obligations towards related parties with a controlling influence amounts to DKK 16,499,000 (2009 DKK 16,559,000)

The pension obligation, which was attained on acquisition of the company in 2004, was established in SAW Schleswiger Asphaltsplitt-Werke GmbH & Co. KG in 1974.

Arkil Holding A/S's related parties with a significant influence include the company's board, management and leading employees, and the related family members of these people. Related parties also include companies in which the above people have significant interests. Remuneration to the Board of Directors and the Executive Board is shown in note 4.

Work carried out for closely related parties amounts to DKK 10,062,000 (2009: DKK 24,040,000) and has been done on standard market terms. Receivables with closely related parties amount to DKK 0 as at 31 December 2010 (2009: DKK 1,000,000).

Closely related parties also include the subsidiaries and affiliated companies (cf. notes 7 and 8) in which Arkil Holding A/S has a controlling or significant influence.

		Subsidiaries, affiliated companies and joint ventures		
		Trade between subsidiaries, affiliated companies and joint ventures has comprised:		
4,627	5,429	Interest income from subsidiaries		
0	(6)	Interest expenses to subsidiaries		
0	0	Purchase of finished goods, etc., from subsidiaries		
		Purchase of finished goods, etc., from affiliated companies	33,458	16,604
		Sale of finished goods, etc., to joint ventures	12,296	12,673
		Sale of finished goods, etc., to affiliated companies	3,934	3,073
5,646	5,702	Sale of services to subsidiaries		
10,273	**11,125**		**49,688**	**32,350**

Transactions with subsidiaries have been eliminated in the consolidated accounts in accordance with the accounting policies.

The parent company's outstanding balances with subsidiaries as of 31 December are shown in notes 21 and 28.

Outstanding balances with subsidiaries comprise loans and normal outstanding business balances relating to purchases and sales.

Interest charged on outstanding balances with subsidiaries is shown in notes 9 and 10.

The parent company has received DKK 26,008,000 (2009: DKK 2,577,000) as dividends from subsidiaries.

Note 34 Commercial and financial risks

General risks

The Arkil Holding Group's activities, which are in the building contracting sector, involve a number of commercial and financial risks.

The Group's strategy is to apply specific risk management to minimise and deal with commercial and financial risks. It is felt that the risks that the Group faces in general are no different from the usual ones facing other companies in the building contractor sector.

The most important operating risk for the Group is affected in particular by its ability to be flexible, with the possibility of rapid adaptation to current market trends within the main business areas of the Group being a key factor.

The Group's customers are mainly public and semi-public authorities, so the number of contracts on offer will vary according to political trends.

It is also the Group's strategy to set up subsidiaries abroad, in order to achieve geographical dispersion of the Group's activities, thus minimising dependence on economic trends in the Danish market.

The Group's main activities are within routine jobs involving well-known risks that can be minimised through risk management.

Large specialist contracts are usually carried out in consortia with well-known partners and specialists, which reduces the risks.

New forms of collaboration based on partnerships, in which the contractor is involved in the project before the projecting and planning phase has started, will improve the risk management of the projects.

The Group's insurance strategy involves identifying significant risks over which the Group itself has no direct influence and which may constitute a threat to the Group's financial status and existence.

Financial risks

As a consequence of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest rates. The policy of the Group is not to actively speculate with financial risks. The Group's financial management is therefore aimed solely at risks already incurred. The Group's financial risks are primarily hedged by distributing income and expenditure in the same currency and using derivative financial instruments in accordance with a policy approved by the board of directors.

Concerning the description of the accounting policy and methods used, including the criteria for inclusion and basis for measurement used, refer to the comments in account policies.

Note 34 Commercial and financial risks (continued)

Foreign exchange risks

It is the Group's policy to limit the effect of currency fluctuations on the Group's financial results and financial position.

Turnover in foreign currencies, which accounts for about 40% of the Group's turnover, is not an indication of the Group's foreign exchange risks, as most of the costs involved in foreign turnover are paid for in the same currency.

Cross-border sales in foreign currencies represent less than 5.0% of Group turnover. To this should be added that most of the operational financing of foreign activities takes place in local currencies.

The Group's foreign currency position is controlled centrally, and selective hedging is carried out. Only positions based on business opportunities are taken up.

Net investments in foreign subsidiaries are usually not hedged. Exchange rate adjustments of these are done through equity according to the accounting policies applied.

Concerning investments in foreign entities, the Group's equity as at 31 December 2010 will be reduced by DKK 1.1 million (2009: 0.7 million) provided that the exchange-rate of the Swedish krona was 10% lower than the actual rate.
Other currency risks concerning investments in foreign entities are insignificant.

The Group had no significant exchange rate risks concerning receivables and debt in foreign currencies as at 31 December 2010, and the Group's result would therefore not have been significantly affected by changes in the exchange rates as at 31 December 2010.

The Group has considerable transactions/exposures in EUR, but management do not consider this a currency risk.

Apart from this, the Group has no significant currency exposure.

Financial management

The Group regularly assesses the need to adapt the capital to balance the increased demand for yield on equity with the increased uncertainty that is associated with foreign capital. The equity's share of the total liabilities at the end of 2010 constituted 43.9% (2009: 47.8%). The target for the equity share is min 35%. The capital is managed for the Group as a whole.

The target for the return on equity is a return of 25% more than the interest on the long-bond market, however, minimum 8%. The realised return on equity for 2010 constituted -4.1% (2009: 3.9%) The long-bond interest rate + 25% was 5.65% in 2010.

It is the dividend policy of the Arkil Holding A/S that the shareholders should achieve a return from the investment in the form of rise in prices and a dividend which is more profitable than a risk-free investment in bonds. Distribution of any dividend must take place with due consideration of the necessary consolidation of equity capital as the basis for the continued expansion of the Group.

Note 34 Commercial and financial risks (continued)

Interest rate risks

The Group's liquid assets are placed on demand or term deposit with a term of up to 3 months and in listed bonds and shares.

The Group's holding of securities represent DKK 23,362,000 and are distributed as follows:

	2010	2009
Listed shares	22,886	20,731
Unlisted securities	476	584
	23,362	**21,315**
Inclusions:		
Securities, long-term assets	476	584
Securities, short-term assets	22,886	20,731
	23,362	**21,315**

An increase or a fall in the interest level of 1% in relation to the balance sheet day would be insignificant for the Group's result and equity.

The Group's interest-bearing net liabilities, defined as the sum of debt owed to mortgage credit institutions and employee's bonds minus holdings in negotiable securities and liquid assets, amounted to a debt of DKK 24.2 million, compared to an asset of DKK 61.8 million as at 31 December 2009.

Interest-bearing debts, which are included in net liabilities, increased from DKK 193.7 million to DKK 245.6 million.

The Group monitors the development of interest rates on an ongoing basis with the intention of hedging the interest rate risk for a larger part of the debt portfolio.

Note 34 Commercial and financial risks (continued)

Liquidity risks

In connection with borrowing, it is the policy of the Group to ensure the best possible flexibility through spreading of the borrowing over due dates/renegotiation dates and counterparts with regard to pricing. It is the objective of the Group to have sufficient liquidity resources to continue to be able to act appropriately in the event of unforeseen fluctuations in liquidity.

The Group's debts fall due as follows:

	2010					
DKK `000	Book value	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
Non-derivative financial instruments						
Credit institutions	161,362	180,701	42,652	39,083	37,804	61,162
Financial lease commitments	79,308	83,596	23,902	38,870	13,610	7,214
Trade creditors	143,920	143,920	143,920	0	0	0
Derivative financial instruments						
Forward contracts have been applied as hedging instrument (settled net)	0	0	0	0	0	0
Total liability commitments	**384,590**	**408,217**	**210,474**	**77,953**	**51,414**	**68,376**
Liabilities relating to assets earmarked for sale	0	0	0	0	0	0
Total liability commitments	**384,590**	**408,217**	**210,474**	**77,953**	**51,414**	**68,376**

	2009					
DKK `000	Book value	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
Non-derivative financial instruments						
Credit institutions	122,699	136,469	36,061	29,509	28,077	42,822
Financial lease commitments	67,949	70,477	23,587	26,691	14,880	5,319
Trade creditors	114,263	114,263	114,263	0	0	0
Derivative financial instruments						
Forward contracts have been applied as hedging instrument (settled net)	0	0	0	0	0	0
Total liability commitments	**304,911**	**321,209**	**173,911**	**56,200**	**42,957**	**48,141**
Liabilities relating to assets earmarked for sale	(1,137)	(1,137)	(1,137)	0	0	0
Total liability commitments	**303,774**	**320,072**	**172,774**	**56,200**	**42,957**	**48,141**

Note 34 Commercial and financial risks (continued)

Credit risks

By far the majority of the Group's customers are public and semi-public clients, which is why the risk of financial losses are considered to be extremely minimal. The Group's accounts receivable from sales to other customers are exposed to the usual credit risk.

A critical risk assessment of the customers is carried out prior to a construction contract being entered into. Accounts receivable from sales to other customers are also secured to the extent considered appropriate and possible, by security in the form of letters of credit or bank guarantees.

The maximum credit risk is reflected in the book value of the individual financial assets that are included in the balance sheet.

The Group has no significant risks concerning one single customer or working partner.

The most significant credit risks are receivables from sales in Denmark, amounting to 77% of the Group's total receivables from sales as at 31 December 2010 (78% as at 31 December 2009).

As per 31 December 2009, the Group's depreciations as per 31 December 2010 are solely related to financial assets classified as receivables. Reference is made to note 21.

	2010		2009	
	Book value	Fair value	Book value	Fair value
Categories of financial instruments				
Securities	22,886	22,886	20,731	20,731
Financial assets, measured at fair value via the profit and loss account	**22,886**	**22,886**	**20,731**	**20,731**
Derivative financial instruments entered into for hedging of the fair value of recognised assets and liabilities	0	0	0	0
Derivative financial instruments entered into for hedging of future cash flows	368	368	0	0
Derivative financial instruments entered into for hedging of investments in foreign companies	0	0	0	0
Financial assets, used as hedging instruments	**368**	**368**	**0**	**0**
Trade debtors	417,323	417,323	393,744	393,744
Other accounts receivable	27,784	27,784	31,796	31,796
Liquid assets	198,082	198,082	234,211	234,211
Loans and receivables	**643,189**	**643,189**	**659,751**	**659,751**
Securities	476	476	584	584
Financial assets available for sale	**476**	**476**	**584**	**584**

Note 34 Commercial and financial risks (continued)

	2010		2009	
	Book value	Fair value	Book value	Fair value
Derivative financial instruments included in the trading portfolio	0	0	0	0
Financial liabilities, measured at fair value via the profit and loss account	**0**	**0**	**0**	**0**
Derivative financial instruments entered into for hedging of future cash flows	0	0	0	0
Financial liabilities, used as hedging instruments	**0**	**0**	**0**	**0**
Financial lease commitments	79,308	79,308	67,949	67,949
Loans	161,362	161,362	122,699	122,699
Accounts payable and other debts	143,920	143,920	114,263	114,263
Financial liabilities concerning assets earmarked for sale	0	0	1,137	1,137
Financial liabilities, measured at amortised cost	**384,590**	**384,590**	**306,048**	**306,048**

Methods and conditions for the present value statement
Exchange-traded bonds
The holding of publicly listed bonds consists of liquid government bonds and mortgage bonds valued at listed prices or price quota systems.

Additional financial instruments (measured at amortised cost price in the balance sheet)
Financial instruments relating to sale and purchase of goods etc. with short-term repayment is assessed to have a present value equal to the book value.

The applied methods are unchanged as compared with 2009.

(Amounts in DKK '000)	The Group 2010	2009

Note 35 Operating leases

The Group leases properties and operating equipment under operating leases. Typically, the lease term is a period between 2 and 20 years with the possibility of extension after expiry of the period. None of the leases contain contingent lease payments.

Noncancellable operational rentals are as follows:		
0-1 years	6,004	5,468
1-5 years	21,054	20,154
> 5 years	56,634	61,619
	83,692	**87,241**

The profit and loss account for the Group for 2010 recognises DKK 5,897,000 (2009: DKK 4,890,000) concerning operating leases.

Rental liabilities, etc.:		
Due within 1 year	2,423	924
Due between 2 and 5 years	1,736	1,016
Due over 5 years	1,792	1,842
	5,951	**3,782**

Note 36 Subsequent events

No other events that could influence the consolidated accounts or the annual accounts for 2010 have occurred since the end of the financial year.

Note 37 New accounting regulations

The IASB has issued the following new accounting standards (IAS and IFRS) and interpretations, which are not compulsory for Arkil Holding A/S in the preparation of the annual report for 2010. IFRS 9, amendment to IFRIC 14, IFRIC 19, revised IAS 24, amendments to IFRS 1, amendment to IFRS 7, amendment to IAS 32, improvements to IFRSs (May 2010), amendments to IAS 12 and amendments to IFRS 1. IFRS 9, amendments to IFRS 1, IFRS 7 and IAS 12 as well as improvements to IFRS (May 2010) have yet to be approved by the EU.

Arkil Holding A/S expect to implement the new accounting standards and interpretations, once they become compulsory. Those standards and interpretations that are approved with another date of entering into force in the EU than the corresponding dates of entering into force from IASB will be adopted earlier, so that the implementation will follow the date of entering into from IASB. None of the new standards and interpretations are expected to have a significant effect on the financial reporting of Arkil Holding A/S.

Parent company			The Group	
2009	2010	(Amounts in DKK '000)	2010	2009
		Note 38 The Group's share of joint ventures		
		Revenue	34,385	26,708
		Expenditure	(31,073)	(21,607)
		Net financial items	9	4
		Profit (loss)	**3,321**	**5,105**
		Long-term assets	92	129
		Short-term assets	37,870	20,095
		Total assets	**37,962**	**20,224**
		Equity	**18,437**	**14,968**
		Long-term liabilities	0	0
		Current liabilities	19,525	5,256
		Total obligations	**19,525**	**5,256**
		Total liabilities	**37,962**	**20,224**

Parent company 2009	Parent company 2010	(Amounts in DKK '000)	The Group 2010	The Group 2009
		Note 39 Acquisition of companies and activities		
		Goodwill	30,073	0
		Tangible assets	73,263	0
		Short-term assets	96,540	0
		Total assets	**199,876**	**0**
		Cash and cash equivalents component	(831)	0
		Assets excluding liquid holdings	**199,045**	**0**
		Provisions for liabilities and charges	(3,669)	0
		Long-term liabilities	(42,156)	0
		Current liabilities	(101,552)	0
		Total obligations	**(147,377)**	**0**
		Bank loans comprised	38,578	0
		Liabilities excluding bank loans	**(108,799)**	**0**
		Cash used for the acquisition of companies and activities	**90,246**	**0**
		Gross value of receivable contractual amounts	65,418	0
		Write-downs in the event of loss	(1,832)	0
		Present value of receivables	**63,586**	**0**
		Profit/loss after tax after the takeover date	**(11,607)**	**0**

As at 1 July 2010, the Arkil Group have taken over 100% of the shares in the companies Stürup Ingeniør- og Entreprenørfirma A/S (Stürup A/S) in Esbjerg and Sturup Trekantsområdet A/S (Arne Hansen A/S) in Fredericia.

The companies carry out contracting work regionally in Esbjerg and Trekantsområdet just as Stürup is one of the halves of the Arkil-Stürup I/S consortium, which specialises in contracting on the electrical power network in all of Denmark. Stürup are also active in the expansion of the Danish railway infrastructure just like the companies have a big cartage division, which has specialised in transport in the contracting business. Furthermore, Stürup in Esbjerg receive all manner of building-related waste on Måde Miljøplads where the materials are sorted and processed after which they become part of the different types of recycled material, which is sold from the site.

The investment in the activities is a strategic investment made to strengthen the position of the company in the construction and infrastructure industries in Denmark.

The acquired activities are consolidated as at 1 July 2010. Non-allocated purchase price amounts to DKK 30,073,000 and is included as goodwill as an indication of expected synergies.

The remuneration of DKK 90,246,000 has been paid in cash. No contingent remuneration has been attached to the deal.

Purchase cost amounts to DKK 346,000, which has been entered as expenditure.

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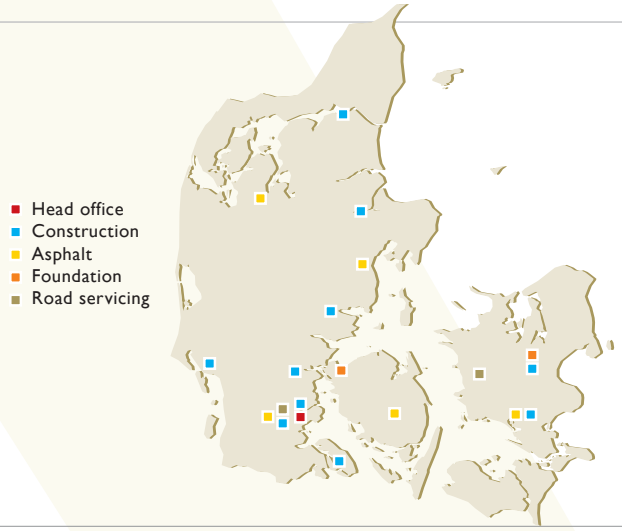

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