COWIannualreport

2003 (8 months)

COWI organisation 1 May 2004

Employees	COWIfoundation	Codan and Danica
B shares	A shares	B shares

COWI

Danish offices

Lyngby (Head office), Esbjerg, Holstebro, Kolding, Odense, Silkeborg, Svendborg, Vejle, Viborg, Århus, Aabenraa, Aalborg

Offices abroad

Bolivia, El Salvador, Ireland, Korea, Kuwait, Lithuania, Norway, Panama, Qatar, Sweden, Uganda, Vietnam

Wholly and partly owned companies abroad

- **Ben C. Gerwick, Inc.** San Francisco, California, USA (94,5%)
- **COWI Canada Ltd.** Saint John, Canada (100%)
- **Buckland & Taylor Ltd.** Vancouver, Canada (100%)
- **CCL GmbH** Glienicke Nordbahn, Germany (100%)
- **COWI-ALMOAYED GULF W.L.L.** Manama, Bahrain (49%)
- **COWI Tanzania Consulting Engineers and Planners Ltd.** Dar es Salaam, Tanzania (100%)
- **COWI Philippines, Inc.** Manila, Philippines (100%)
- **UAB COWI Baltic Consulting Engineers and Planners** Vilnius, Lithuania (100%)
- **Beijing YAN-DAN Heat Energy Technology Development Co. Ltd.** Beijing, China (30%)
- **MMS Norge** Bærum, Norway (100%)
- **Interconsult ASA** Oslo, Norway (100%)
- **Hjellnes COWI AS** Oslo, Norway (70%)
- **COWIconsult International Ltd.** London, England (100%)
- **Moscow Representative Office of COWIconsult International Ltd.** Moscow, Russia (100%)
- **Covitecma S.A.** Madrid, Spain (25%)
- **ETC Transport Consultants GmbH** Berlin, Tyskland (90%)
- **COWI Korea** Seoul, Korea (60%)
- **COWI Belgium SPRL** Brussels, Belgium (100%)
- **COWI Hungary Ltd.** Budapest, Hungary (100%)
- **CAT Alliance Ltd.** London, England (33,3%)

Wholly owned companies in Denmark

- **BRUUN & SØRENSEN ENERGITEKNIK AS** (100%)
- **COMAR Engineers A/S** (100%)
- **DANPORT The Danish Port Consultancy Group** (100%)
- **Enviroplan International A/S** (100%)
- **MATCON Rådgivende Ingeniørfirma A/S** (100%)
- **Studstrup & Østgaard A/S Rådgivende Ingeniørfirma** (100%)
- **KX A/S** (100%)
- **Kampsax Polska Sp. z o.o.** Warsaw, Poland (100%)
- **Kampsax AB** Sweden (100%)
- **Kampsax Caribersa S.A.** Madrid, Spain (100%)
- **Kampsax India Private Limited** (51%)
- **Kampsax Belgium SPRL** (100%)
- **Beldandor Engineering Consultants** Belarus (50%)
- **Darudec A/S** (100%)

COWI A/S

Board of Directors

Management

Central Services

Regions:

- Region North Jutland
- Region Mid Jutland
- Region South Jutland
- Region Funen
- Region Øresund

Divisions:

- Div. D01 Economics and management
- Div. D02 Development Planning
- Div. D03 Water and Environment
- Div. D04 Geographical Information and IT
- Div. D05 Roads and Airports
- Div. D06 Rail, Metro and Tunnel
- Div. D07 Bridges, Marine and Foundation Engineering
- Div. D08 Building and Operation
- Div. D09 Industry and Energy

Published by
COWI A/S
Parallelvej 2
DK-2800 Kongens Lyngby
Tlf. +45 4597 2211
Fax. +45 4597 2212
www.cowi.dk

COWI is a leading northern European consulting group. We provide state-of-the-art services within the fields of engineering, environmental science and economics with due consideration for the environment and society. COWI is a leader within its fields because COWI's 3400 employees are leaders within theirs.

Editors
John Jørgensen (responsible), jhj@cowi.dk
Christina Tækker, cht@cowi.dk
Janne Toft Jensen, jaje@cowi.dk
Susanne Junge, sgn@cowi.dk

Translation
LanguageWire

Design & DTP
Patrick Andresén

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Cover: Six out of 10 employees are experienced in project management. Read more about COWI's employees in the Intellectual Capital Report on pages 48-49. Photo: Morten Larsen

Annual Report 2003 (8 months)

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*The Intellectual Capital Report has not been audited by independent auditors

Statements on the Annual Report

Statement by the Board of Directors and Executive Management

Today, the Board of Directors and the Executive Management have considered and adopted the Annual Report of COWI A/S.

The Annual Report has been prepared in accordance with the provisions of the Financial Statements Act for a major class C enterprise. In our opinion, the accounting policies applied are appropriate and the Annual Report gives a true and fair view of the Group's and the Parent Company's assets and liabilities, financial position and results.

The annual report has been submitted for approval by the AGM.

Kongens Lyngby, 1 March 2004

Executive Management:

Klaus H. Ostenfeld *Managing Director*	Keld Sørensen *Financial Director, CFO*
Knud Østergaard Hansen *Executive Director,* *Danish Operations*	Henning H. Therkelsen *Executive Director,* *International Operations*

Board of Directors:

Ole Steen Andersen *Chairman*	Vagn Jensen *Vice Chairman*	Berit Bankel *
Henriette R. Bundgaard *	Anders Thyge Egeberg	Henrik Gürtler
Jette Wigand Knudsen	Niels Christian Nielsen	Lars Rosholm *

* Staff representatives

Auditors' Report

To the shareholders of COWI A/S

We have audited the Annual Report of COWI A/S for the financial year 1 May 2003 to 31 December 2003.

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

Basis of Opinion

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the financial position at 31 December 2003 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 May 2003 - 31 December 2003 in accordance with the Danish Financial Statements Act.

Lyngby, 1 March 2004

PricewaterhouseCoopers
statsautoriseret revisionsinteressentskab

Torben Haaning *State Authorised* *Public Accountant*	Jacob F Christiansen *State Authorised* *Public Accountant*

Management's review

Company information

COWI A/S
Parallelvej 2
DK-2800 Kongens Lyngby
Tel. +45 4597 2211
Fax +45 4597 2212
Website: www.cowi.dk
E-mail: cowi@cowi.dk
Company Registration No.
(CVR-nr.) 44 62 35 28
Registered address: Kongens Lyngby

Board of Directors
Ole Steen Andersen, Chairman
Vagn Jensen, Vice Chairman
Berit Bankel
Henriette R. Bundgaard
Anders Thyge Egeberg
Henrik Gürtler
Jette Wigand Knudsen
Niels Christian Nielsen
Lars Rosholm

Executive Management
Klaus H. Ostenfeld
Managing Director, CEO

Keld Sørensen
Financial Director, CFO

Knud Østergaard Hansen
Executive Director, Danish Operations

Henning H. Therkelsen
Executive Director, International Operations

Auditing
PricewaterhouseCoopers
Strandvejen 44
DK-2900 Hellerup
Torben Haaning og Jacob F Christiansen

Annual General Meeting
The Annual General Meeting will be held on 24 May 2004 at the Company address.

Mission
COWI focuses on supplying consultancy services within engineering, environment and economics and activities that are naturally associated with these areas. The Company's objective is to supply consultancy services of the highest quality according to an international benchmark.

Vision
The overall objective of the COWI Group is to be recognised as a leading consultancy group in Northern Europe, at the same time as being the international market leader within selected services.

Ownership
The share capital amounts to DKK 34.75 million, consisting of DKK 20 million A shares and DKK 14.75 million B shares. The A shares carry 10 votes for each DKK 100 share, whereas the B shares carry 1 vote for each DKK 100 share. All A shares are owned by the COWI Foundation, which supports research and development within Danish engineering.

The insurance companies Codan and Danica each owns DKK 4 million B shares, the employees own DKK 5.80 million, while the COWI Foundation owns the remaining DKK 0.95 million B shares.

Group key figures and financial ratios

	1999/00 DKKm	2000/01 DKKm	2001/02 DKKm	2002/03 DKKm adjusted	2003 DKKm (8 months)	2003 EURm (8 months)
Key figures						
Amounts in DKK million						
EUR/DKK rate, 31 December 2003						**744.46**
Net turnover	**1,379.7**	**1,533.2**	**1,720.4**	**2,292.9**	**1,673.0**	**224.7**
Operating profit before amortisation, depreciation and impairment losses	47.3	84.8	91.8	114.5	74.8	10.0
Operating profit on ordinary activities	14.8	46.2	52.0	49.7	27.0	3.6
Operating profit	8.1	44.4	50.8	44.5	26.6	3.6
Net financials	15.8	0.9	6.0	(1.1)	5.7	0.8
Profit on ordinary activities before tax	**23.9**	**45.3**	**56.8**	**43.4**	**32.3**	**4.3**
Profit/loss on ordinary activities after tax	9.1	35.3	38.3	25.3	18.5	2.5
Profit on extraordinary activities after tax	0.0	0.0	0.0	0.0	0.0	0.0
COWI's share of profit for the year	**9.1**	**33.2**	**35.7**	**23.5**	**15.6**	**2.1**
Group goodwill	11.7	10.9	15.7	253.2	242.6	32.6
Fixed assets	137.2	103.5	110.3	177.3	158.5	21.3
Current assets	910.6	955.8	956.4	1,101.4	1,118.2	150.2
Total assets	**1,059.5**	**1,070.2**	**1,082.4**	**1,531.9**	**1,519.4**	**204.1**
Share capital	34.8	34.8	34.8	34.8	34.8	4.7
Shareholders' funds	**331.7**	**360.5**	**372.5**	**382.2**	**390.3**	**52.4**
Provisions	149.0	146.8	182.8	208.5	210.8	28.3
Long-term debt	16.2	9.7	8.5	38.6	24.9	3.4
Short-term debt	565.7	544.3	507.0	887.2	878.1	117.9
Cash flows from operating activities	(21.8)	43.0	124.7	137.3	65.8	8.8
Investment in tangible fixed assets, net	(14.2)	30.0	(36.2)	(36.3)	(19.5)	(2.6)
Other investments, net	(12.8)	(15.0)	(31.1)	(161.6)	0.2	0.0
Cash flows from investing activities, net	(27.0)	15.0	(67.3)	(197.9)	(19.3)	(2.6)
Free cash flow	(48.8)	58.0	57.4	(60.6)	46.6	6.3
Cash flows from financing activities	65.1	(50.2)	(42.9)	(32.1)	(15.4)	(2.1)
Total cash flows	**16.3**	**7.8**	**14.5**	**(92.7)**	**31.2**	**4.2**
Financial ratios						
EBITDA margin	3.4%	5.5%	5.4%	4.9%	4.5%	
Operating margin	0.6%	2.9%	3.0%	1.9%	1.6%	
Return on invested capital	1.3%	7.8%	9.2%	4.5%	4.3%	
Equity ratio	31.3%	33.7%	34.4%	25.0%	25.7%	
Return on equity	2.8%	9.7%	9.7%	6.3%	6.1%	
Average number of employees	**2,085**	**2,203**	**2,318**	**2,923**	**3,467**	

Report for the financial year 2003

Results for the year

We have changed our financial year to the calendar year with effect from 1 January 2004. Therefore, the Annual Report only comprises the eight-month period from 1 May to 31 December 2003. For the financial period, net turnover of the COWI Group amounted to DKK 1,673.0 million. Operating profit amounted to DKK 26.6 million and profit before tax amounted to DKK 32.3 million.

Turnover for the period was much influenced by the poor economic climate with limited economic growth in both the Danish and international markets. Despite the economic downturn, we increased turnover by capturing market shares and exploiting the rising demand for our specialist services within some international market areas, including bridges, tunnels, marine engineering and development planning.

COWI Group earnings were influenced by tough competition and strong pressure on prices. Furthermore, expenses associated with the restructuring and restoration of business units with poor earnings had a negative effect on results. Thus, in the Norwegian Interconsult company, which COWI took over on 1 January 2003, a comprehensive restoration plan was implemented during 2003. Moreover, expenses and provisions for closures or staff reductions in subsidiaries in Sweden and Poland were charged to the profit and loss account. Finally, certain large projects in Denmark also had a negative effect on results.

On the positive side, we achieved satisfactory earnings in a number of Danish and international business areas and markets where we enjoy a good competitive position.

Operating margin declined from 1.9 per cent in 2002/2003 to 1.6 per cent in the financial period. This decline in profitability did not live up to our expectations for the financial period or to our long-term target of an operating margin of 5-6 per cent.

The Board of Directors recommends the payment of a dividend of 6 2/3 per cent, with the remainder of the profit being carried forward to next year. The percentage dividend corresponds to recent years' 10 per cent dividends when adjusted for the short eight-month financial period.

At the end of the financial year, COWI employed a staff of 3,433, as against 3,501 the previous year.

Key events

As expected, the acquisitions of Kampsax and Interconsult in 2002/2003 influenced the financial year. The coordination of COWI's and Kampsax's businesses has now largely been completed. Overlaps no longer remain between markets, business systems and offices.

The work of developing competencies from Kampsax into new business opportunities is progressing satisfactorily; this work involves development planning, environmental planning, building and construction, civil engineering projects and, in particular, geographic information systems (GIS) and mapping.

The international business is growing

COWI's international business is growing. In the last eight months of 2003, it accounted for 60 per cent of the company's total turnover compared to 56 per cent the previous year. The company now ranks no. 27 on the Engineering News Record's list of the world's most exporting consultancy companies—as against no. 44 last year.

Breakthrough in China and Korea

China and Korea are two new markets where COWI has made serious breakthroughs. We have won contracts for the planning of major civil engineering works and the prospects of more infrastructure assignments in the two countries are so promising that we have established a permanent base in Korea.

China is in a period of powerful economic growth. The country is more open to foreign companies than previously and there is a desire for increased trade between the northern and southern parts of the country. Thus at the moment, about half of the world's major bridges are being built in China. We consider China one of the most promising growth markets for infrastructure assignments. We have been active in China since 1980 and we have participated in more than 200 projects within the energy, environmental and transportation infrastructure areas. Customers include Chinese authorities, international organisations and Danish industrial companies.

Patient work in Iraq

The reconstruction of Iraq is underway and we are offering our expert services within such areas as water, roads, sewage treatment, building and construction, and public administration. COWI had many major assignments in Iraq from the sixties to the eighties. The complex situation in Iraq requires patience. We assess that there is a market in Iraq in the long term. The safety of our personnel is our prime concern when it comes to potential commitments and choice of assignments.

Production to India

Kampsax India Ltd. is 51 per cent jointly owned with the Industrialisation Fund for developing Countries (IFU) and the local company IL&FS. Kampsax India produces digital maps at competitive prices, which is a prerequisite if we are to compete for mapping services both in Denmark and internationally.

Important assignment in Hungary

COWI has been awarded an assignment of strategic importance for the provision of assistance for regional development in Hungary. With a contract worth DKK 125 million the assignment is the hitherto largest of its kind. We are to assist Hungarian local councils, counties and ministries to develop projects which will prepare the country to seek investment grants from the EU upon its entry into the Union. The assignment is being financed by the Hungarian government and the EU. 150-200 projects are to be developed in such areas as transport, environment and nature conservation, telecommunications, healthcare, tourism, research and development, and business development.

The assignment will strengthen our position both in the Hungarian market where we have had company representation since 1997 and in the other new member countries, which will all have corresponding access to EU regional development grants.

Market developments

Denmark

The Danish market suffered a downward trend during the period. Nevertheless, we have expanded the Danish business by about four per cent. However, this progress varies greatly from segment to segment, where building, GIS and IT activities have grown, while activities in the remaining market segments have tended to stagnate.

Turnover in the Danish market segments over the last three years:

Market segment	2001/2002 [DKKm]	2002/2003 [DKKm]	2003* [DKKm]	
Building and construction	175	200	151	(226)
Civil engineering	234	271	178	(268)
Environment	142	145	101	(152)
Energy	59	62	37	(55)
Industry	134	146	90	(135)
GIS and IT	9	61	60	(90)
Economics and transport	51	51	34	(50)
Other	8	17	11	(17)
Total	812	953	662	(993)

*Figures in brackets have been extrapolated from eight months to 12 months in order to give a realistic picture of COWI's turnover.

Important assignments in Denmark

Once again we have been working on a large number of major Danish projects this year. Worthy of note among the year's assignments are:

- Public transport plan. In March 2003, the work on a new public transport plan for Aalborg was completed. In April, work began on a new public transport plan for Odense. We have created an overview for how public transport works as a basis for target setting and proposals for action plans.

- Benchmarking. We are working on benchmarking at several levels, both as it applies to obtaining an overall grasp of potential efficiency enhancements in Denmark, e.g. in the waste and sewage areas, and assistance in analysing specific processes at selected clients'. In 2003, we carried out process benchmarking of 10 waste incineration plants for Affald Danmark.

- We have participated in pioneering work on road noise, where, for the first time, attempts have been made to evaluate the health benefits to be obtained by reducing road noise. The work was carried out as part of the Government's national road noise strategy, where COWI was commissioned to undertake cost-benefit analyses of road noise reduction via various means.

- The land register of the Soil Contamination Act (in Danish the JAR). We are developing a GIS-based IT environmental registration system, which 11 counties have signed up for so far. The system is intended to ensure a coherent and strengthened commitment to combating soil contamination and also to safeguarding water supplies.

- Rail Net Denmark has initiated a comprehensive renovation of the Danish railway tracks. The first assignment was put out to tender in the summer of 2003 and was won by COWI, involving the renewal of 10 km of track at Herning and 5 km at Skive.

- The Copenhagen Metro. COWI continued its leading role as consultant for the Ørestad Company on the construction of the Copenhagen Metro installations, which inaugurated Phase 2B to Vanløse in October 2003. The signing of two major contracts in the autumn of 2003 sounded the starting shot for construction work on Phase 3 from Lergravsparken to Copenhagen Airport. Moreover, during the year we completed together with the Ørestad Company the first part of the preliminary studies for a new metro line, referred to as the City Ring, in central Copenhagen.

- 3D urban model. We have developed a concept for the Municipality of Århus for 3D urban models known as VAP (Virtual Assessment of Plans—VVP in Danish) focussing on improved tools for the assessment of changes to the urban environment. A complete 3D model of Århus, which can be displayed on an ordinary PC and via the Internet, was constructed for the project.

- Security of supply. We are assisting DMdata to guarantee the security of supply at its IT exchanges. Technically speaking, this is an extremely difficult assignment that consists of ensuring constant power supplies and cooling functions to safeguard against the loss of data. The project passed with flying colours during the major power cut on Sjælland in September 2003.

- Project planning for Maersk. We have planned modifications of the processing plants in the Tyra, Dan and Gorm fields for Mærsk Olie og Gas AS. The modifications comprise process engineering, instrumentation, piping and mechanics.

- In 2002, COWI assisted the Vejcon construction consortium with tender preparation in connection with the consortium's submission of the winning tender for the first stretch of road put out to tender by the Danish Road Directorate as a turnkey contract. In 2003, we carried out detailed design for about 13 km of motorway (Ris-Ølhom) including 13 bridges and fauna ducts for Vejcon.

- COWI will carry out detailed design for the expansion of one of Denmark's busiest and most complex stretches of motorway, Motor Ring 3 encircling Copenhagen, which involves a 16.5 km long stretch between Jægersborg and the Holbæk motorway, which is to be expanded from 4 to 6 lanes.

- Bacteria for cleaning and decontamination. In collaboration with the Technical University of Denmark (DTU) and the Canadian company GeoSyntec we have studied the opportunities for applying bacteria to the cleaning up of chlorinated solvents. The assignment was commissioned by Fyn County and the Danish EPA.

- Odense Vandselskab, a public water company, chose COWI for a major consultancy assignment for the extension of the sewerage system at Odense Harbour. The project is to be implemented in partnering between the developer, the consultant and the contractor. Its purpose is to reduce the discharge of wastewater into Odense Harbour during rain and remedy a number of technical drainage problems in the catchment area.

- Karup Air Base. We are providing consultancy services for the construction of a hangar, workshop and administration facilities for helicopter services for the Danish Air Force, Army and Navy.

- We are consultants for an impressive 16 storey office block clad with copper at the entrance to Copenhagen harbour.

- Extension to school. Hunderup School is located in the converted buildings of Odense Barracks and has an exciting glass and steel extension. COWI is consultant for the construction work and the electrical and plumbing installations.

- We have completed total consultancy services for a new freeze-drying factory for Alpharma. The factory for the freeze-drying of sterile/non-sterile antibiotics comprises all types of clean room for the various process facilities.

- We are total consultants for a new pharmaceutical HL 10 factory in Esbjerg for LEO Pharma. The factory will produce a pioneering medicine which can restore acutely collapsed lungs and thus save considerably more lives than with the current methods in use.

Norway

In 2003, the Norwegian consultancy market was subject to consolidation and foreign acquisitions. With the acquisition of Interconsult, the COWI Group is now the leading consultant in the Norwegian market. Together, Interconsult and Hjellnes COWI account for about one quarter of Group turnover.

As in previous years, Hjellnes COWI has been operating stably with satisfactory turnover and profits. The company's most important markets are building and construction, especially of hospitals, schools and university buildings, infrastructure and environment.

Interconsult has considerably restructured its business in order to improve profitability and in recent months it has enjoyed positive earnings. Interconsult has had a new managing director since 1 November. Interconsult's order book has been growing with several large, long-term project assignments particularly within hospital construction, which is a growing sector in Norway.

Together with the architect firms of Narud-Stokke-Wiig, Medplan Arkitekter and Arstads Arkitektkontor, Interconsult and Hjellnes COWI have won a major contract for design phase 2 of St. Olav's Hospital in Trondheim. This project is expected to generate major turnover in both companies for several years. Interconsult has also major assignments in the healthcare sector in Nye Ahus, Bærum Hospital and Ullevål University Hospital, Cancer and Isolation Unit.

International activities

International business from Denmark

Turnover of the Parent Company outside Denmark increased by about 21 per cent during the period, which includes increasing foreign activities in civil engineering, development planning and mapping areas. In other areas, activity remained at previous years' levels. We have managed to consolidate activities within environment, economics and transportation at last year's level after a period of decline in the previous year.

Market segment	2001/2002 [DKKm]	2002/2003 [DKKm]	2003* [DKKm]	
Civil engineering	149	187	151	(227)
Environment	85	58	36	(54)
Energy and Industry	45	49	35	(52)
GIS and IT	1	38	52	(79)
Finance and transport	60	37	24	(36)
Development planning	202	281	207	(311)
Other	16	13	14	(20)
Total	558	644	519	779)

*Figures in brackets have been extrapolated from eight months to 12 months in order to give a realistic picture of COWI's turnover.

Specialist services

COWI's business strategy is based on a combination of a strong position as a multi-disciplinary domestic market consultant in selected North European markets and a focused international business providing five selected services. All five international areas of commitment enjoyed a great deal of success during the year.

Bridges

The bridge building area continued its positive progress, most pronounced in the Far Eastern markets. We are now involved in a number of major bridges in Korea. The positive developments in Korea have resulted in the setting up of a new bridge company, COWI Korea. In China, we signed China's hitherto largest international consultancy contract on the world's largest cable-stayed bridge and a number of other smaller contracts for other bridge projects. The local market in Denmark and Scandinavia remained stable, but we saw considerable growth in the market for bridge operation management and maintenance. The business consists of two units: COWI's bridge division in Denmark and the subsidiary company Buckland & Taylor Ltd. in Canada. The order book at the end of the year was fuller than ever and we expect a continued but moderate growth in 2004. During the period we strengthened our position as one of the world's three leading bridge consultants.

Marine engineering

We continued to expand our marine engineering business, with special focus on Europe, the Middle East and North America. We aim to be among the world's five leading marine engineering consultants in 2005, measured by international turnover. We enjoyed powerful growth within Liquid Natural Gas terminals in Qatar and Egypt, but also marine engineering projects involving offshore wind turbine and major bridge and tunnel construction works are making good progress. Furthermore, we have implemented numerical modelling projects and the design of artificial islands in connection with the construction of exclusive homes and marinas in the Middle East. The business consists of COWI's Danish business areas for marine engineering and soil mechanics and the American subsidiary Ben C. Gerwick.

Tunnels

In the tunnels area we continued to make progress in the international markets. We are working on immersed tunnels around the world and in the last year we carried out assignments in Scandinavia, the rest of Europe and the Far East. When it comes to bored tunnels we are focusing on Northern Europe and the Far East, which is a new market for us. Moreover, we are leading and participating in several EU financed research projects (DART, FIT and UPTUN), with the result that we can always provide the latest knowhow within tunnel construction, including design relative to service life, tunnel fires, risks and environmental conditions. There is a large and growing market for tunnels as a result of environmental factors, overcrowding in cities, etc. An increasing number of tunnels are being built by BOT consortia (Build, Operate, Transfer), which also in the past year required our international cross-disciplinary tunnel services.

Environmental due diligence

The international market for company takeovers was adversely affected by the general economic climate and the Iraq war. Despite this, CAT Alliance Ltd. increased its turnover for the third consecutive year. Via our ownership share in CAT Alliance Ltd. (together with Enviros (UK) and Tauw (Holland)), we are in the process of establishing our name as a globally leading company within the environmental due diligence area (consultancy services related to the handling of environmental responsibilities during company M&As and the associated financial risks involved for buyers). Besides environmental due diligence, CAT Alliance draws on our expertise in the areas of production and logistics, building condition checks, sustainable energy and socio-ethical conditions. In 2003, CAT Alliance worked for Eastman Kodak, Heineken, GE Capital and many others.

Development planning

We have consolidated our position as one of the leading consultants in the area of development planning, despite a reduction in Danish development aid. Thus we are well equipped to take up the challenge presented by the liberalisation of the European aid organisations' procurement of consultancy services. The business areas where we have had most success are consultancy services related to the decentralisation of public sectors in developing countries and the maintenance of byroads in rural districts. Within these areas we have had particular success in Mozambique, where we are now carrying out a number of tasks financed by the Nordic Development Fund, the World Bank, and Norway and Denmark. Correspondingly, we have managed to maintain our strong position in French-speaking West Africa, where we provide consultancy services within a large number of our areas of expertise. In Ghana, where we have been closely involved over the last ten years, we have enjoyed further success, especially in the water and rural road areas.

Important assignments abroad

Worthy of note among the year's foreign assignments are:

- In 2003 a consortium headed by COWI won a major EU project in Turkey. The consortium is to help the Turkish Ministry of the Environment and Forest develop an overall investment plan for the environmental sector. The project is funded by the EU who estimates that an environmental investment in the order of 30 billion euro is required for Turkey to live up to the environmental directives.

- In collaboration with a number of international partners, we have won an important project for the EU Commission. The purpose of Project TEN-STAC is to set up scenarios and assess the overall environmental impact of future passenger and freight transport on the most important road and railway stretches in the expanded EU, thus enabling the analysis of implementing the new transport infrastructure projects proposed by the Commission, and thus also making it possible to assess the possibilities for financing the projects.

- In England, Kampsax is aerial photographing 1000 km of coastline at low tide 5 to 8 times a year for four years for the Government's environmental agency, whose responsibilities include the monitoring of coastal erosion.

- Land registration in Panama. In the Chiriqui province of Panama, Kampsax has been awarded a major land registration project for the purpose of establishing property boundaries and rights for 15,000 properties.

- High speed railway through Lithuania. As part of an agreement between the EU and Russia on transit from Kaliningrad. It is to be ascertained whether it is possible to build a high speed railway across Lithuania. The EU Commission has requested COWI to undertake the initial investigations.

- We are working on Korea's largest infrastructure project—a motorway link of about 8.2 km from Korea's most southerly and second largest city Busan to the island of Geoje. The link comprises a four-kilometre immersed tunnel, one of the longest in the world, and two cable-stayed bridges each two kilometres long. COWI is the leading consultant for both the tunnel and the bridge assignments.

- Tunnel in Hong Kong. In Hong Kong, together with Scott Wilson we are preparing the tender documents for a 1.7 km long immersed railway tunnel for the new metro line from Shatin to Central Link under the busy Victoria Harbour.

- In New Zealand, we are performing a feasibility study for a link from Auckland's northern suburbs to the airport and have drawn up a proposal for a 1.7 km long immersed road tunnel with three lanes in each direction.

- Clearing of land mines. COWI has evaluated Denmark's support for land mine clearing since 1992 based on the following criteria: efficiency, achievement of targets, long-term impact, relevance and sustainability in the light of international trends, poverty reduction and human rights. Evaluation included studies in Afghanistan, Nicaragua, Laos and Somaliland.

- Water for Sri Lanka. New USD 100 million loan from the Word Bank to the water sector in Sri Lanka. We are assisting the government in drawing up a project plan, project manuals and training plans for this loan from the World Bank, which will benefit a total of approximately one million people in two of the island's six provinces.

- Decentralisation in Africa. Benin in West Africa is in the middle of a major decentralisation programme, where many of the government's current powers will be delegated to the newly established local councils. We are advising the local councils in such areas as organisation, communication with citizens, economy and training of the newly elected politicians. The programme is being financed by the European Development Fund and will run for three years.

- Decommissioning in the North Sea. We are assisting BP in England in establishing a basis for decision relative to the removal/demolition of the large steel platform in the North West Hutton field to the northeast of the Shetlands.

- District heating in China. We are assisting private Chinese district heating companies with systems analysis and planning of new supply pipes. Our work included an assignment for the Chengde District Heating Company involving analyses which formed the basis for the final design of a 700 MW heat transfer pipeline. Corresponding analyses for a 1,300 MW system have been made for the district heating company in Urumqi. In Harbin, COWI is assisting the district heating company with tenders relative to the setting up of a 1,000 MW district heating network including a new distance heating plant.

- Planning in Estonia. We are carrying out a planning assignment for Eesti Energia in Estonia related to the Ahtme combined heat and power station. The project is interesting, as an analysis is involved which will result in the choice of a future fuel - biomass or natural gas—and the choice between straightforward heat generation and combined electricity and heat generation.

- On behalf of the EU Commission, we are training ministries and other authorities in Slovakia, Slovenia, the Czech Republic and Hungary in the application of EU directives to open tender procedures for the procurement of engineering services, goods and public works. After 1 May 2004, these countries will have to adhere to the same open tender procedures as the "old" EU countries. This requires the drawing up of manuals and training the practical implementation of tender procedures.

- We are working with new environmentally sustainable pavement methods in Africa, initially as a pilot project in Uganda.

- New airport in India. At the head of a consortium that also consists of Norwegian Aviaplan and Indian STUP Consultants, we have been awarded the planning, design and preparation of tender documents of a new international airport in the Indian IT centre of Hyderabad.

- Together with Halcrow, we are assisting with a major concept development and pilot implementation of water supply and sewage projects for small and medium-sized towns throughout Rumania.

- We are working on a new cable-stayed bridge over the Panama Canal, where we are the client's representative for project management, construction supervision and design check.

- Lithuania is to have Europe's longest water slide. In collaboration with COWI Baltic and VAS Architects of Lithuania, we are to develop a modern aqua-park and health spa in Druskininkai south of Vilnius.

- We are working on the SuTong Bridge over the Yangtze River in China. With a main span of 1,088 metres it is the world's longest cable-stayed bridge.

COWI's subsidiaries

Below is a review of the activities of COWI's largest subsidiaries.

Ben C. Gerwick Inc. - USA

The company, whose head office is located in San Francisco, is an international company specialising in marine engineering. Ben C. Gerwick is an integral part of COWI's commitment to marine engineering as one of five international service areas. The company's turnover has been declining as a consequence of Californian state budget savings. The company improved its results compared to the previous year, but they are still not satisfactory. The company has a workforce of 39.

Buckland & Taylor Ltd. - Canada

The company with head office in Vancouver, Canada, is an international company specialising in large bridges and an integral part of COWI's worldwide commitment to bridge-building. The company has suffered declining turnover as a consequence of the downturn in the American and Canadian markets. Profit was somewhat below the high levels enjoyed by the company in recent years. The company has a workforce of 57.

COWI Korea Co. Ltd.

COWI Korea with its head office in Seoul was founded at the beginning of 2003 in collaboration with M. S. Lee, an associate of many years, who today is the manager of the company. The Korean infrastructure market is undergoing rapid growth, and COWI Korea has had a flying start with a high level of activity in bridge design. Services within construction engineering for building contractors is one of the areas which the company, together with the parent company, sees as having major development potential. The company has a workforce of 15.

European Transport Consultants, GmbH (ETC) - Germany

The company, whose head office is in Berlin, specialises in public transport and transport consultancy, with principal emphasis on rail transport. ETC has provided COWI with expertise particularly within the area of railway systems, and it collaborates with COWI's

Danish transport planning and railways business units. ETC has enjoyed rising and particularly satisfactory turnover and earnings. The company has a workforce of 108.

Kampsax India Ltd. - India

In Kampsax, COWI now has an exciting map business of great market potential—not least in connection with the company's other services. However, there are challenges to be faced relative to profitability. The business concept consists of units in Denmark and Spain, which attend to sales, control and development, combined with production at Kampsax India Ltd. (KIL) in New Delhi.

KIL has a highly trained and educated Indian staff, which produces digital maps of various kinds for customers throughout the world. With good quality assurance this combination of bulk production in the Indian company at relatively low prices and sales and project management from Denmark is a concept we will invest in. The company has about 400 employees.

Knowledge of markets and clients

Knowledge is the basis of COWI's creation of value for its clients, staff and the company. For the sixth consecutive year we are publishing our Intellectual Capital Report for the parent company, which focuses on these three groups.

Value creation is founded on our core competencies: the development of professional standards, the provision of multi-disciplinary services, and project management in close collaboration with clients.

More private clients

Our strategic commitment to increasing the proportion of private clients is producing results. During the period, the share of private clients increased from 31 to 34 per cent.

The share of overseas projects increased from 29 to 34 per cent. These comprise assignments for Danish clients abroad and foreign clients. The turnover for foreign clients in the form of exports from Denmark rose from 15 to 17 per cent.

Development projects

The following major development projects carried out for clients are worthy of note:

- Simulation and 3D visualisation of road traffic for alternative road alignments for local councils, counties and the Danish Road Directorate.
- Preparation of paradigms for combined sewer overflow structures capable of complying with the provisions of the EU's Water Framework Directive for a consortium of councils, counties and the Danish EPA. The project encompasses design, construction and monitoring of three innovative types of structures and the corresponding surface waters and transfer of results to make a general recommendation for all countries within the EU.
- Semi-rigid pavements—new material requirements and design models for pavements with cement-stabilized bases. The project comprises laboratory and full-scale trials with calibration against actual performance. COWI in partnership with the Danish Road Directorate and Dansk Betonteknik (NCC).
- Evaluation of the technical risks involved with the decommissioning of large offshore concrete platforms for TOTAL.
- Implementation of trimmed building design with a view to enhancing efficiency and improved technical coordination. Examples: Roskilde police station for the Commissioner of Police and a new play-house for the Royal Danish Theatre, Danish Ministry of Culture.

Increased inter-trade

Inter-company-trade within the COWI Group increased from 4.5 to 12.9 per cent of turnover. The rise mainly stems from internal trade between the companies associated with Kampsax.

Higher professional profile

COWI's profile in the media declined from last year's media exposure per employee of 75,000 to 61,000. On the other hand, its professional profile as regards lectures and publicly available professional publications rose by 20-25 per cent.

Improving quality

The Intellectual Capital Report's indicators show a positive trend. Costs stemming from external faults fell to previous years' extremely low levels. The share of company turnover directly or indirectly affected by defective projects declined correspondingly from 12 to just over 5 per cent. This success was underpinned by a stronger internal auditing commitment.

Staff numbers stable

The number of staff employed by the Group has stabilised following last year's major acquisitions. The Group now employs a staff of 3,433, of which 1,960 are based in Denmark. As a consequence of the growth in our international specialist services, the number of expatriate staff has more than doubled from 71 to 156.

Number permanent staff	Denmark/Group
99/00	1,455/2,087
00/01	1,581/2,205
01/02	1,643/2,335
02/03	1,972/3,501
03	1,960/3,433

The average age of employees rose from 43.3 to 44.0, and average length of service is now 10.1 years.

COWI's project management capacity rose during the period. 36 per cent of employees have experience in managing major projects, whilst 25 per cent are experienced managers of international projects.

Events subsequent to the end of the financial year

There have been no events subsequent to balance sheet date of significance to the evaluation of the Annual Report.

Future expectations

In general, we expect to see increased economic growth in 2004 compared to 2003. We are uncertain as to the timing and the extent to which this growth will have a positive effect on demand for the services of the COWI Group; in particular, the declining USD is contributing to uncertainty about a possible economic upturn.

We expect to see economic growth in the Danish market. Increasing public and private investment along with increasing public and private consumption will boost demand for COWI's services. We are seeking to enhance our strong market position and capture market shares through a commitment to client needs, dialogue with clients and the continued development of our services.

In the Norwegian market we expect growth in both public and private investment and consumption after a year of poor growth in 2003. Despite the tough competitive climate, overall we expect the turnover and earnings of our subsidiaries to increase. In 2004, Interconsult, which was restructured in 2003, is expected to considerably improve both its market position and earnings.

On the international markets, we generally also expect growth in 2004. We expect to expand in those markets where we are already strong, i.e. in the areas of bridges, tunnels and marine engineering. We expect increased turnover in Eastern Europe, the Middle East, China and in selected markets in Asia and Africa. However, a continued weakening of the USD against the EUR/DKK would considerably impair our competitiveness and thus restrain the influx of new assignments.

As a result of the uncertainty as to the scope and timing of an economic upturn, we will continue to focus on marketing and sale to selected clients and markets. Internally we will continue to work consistently towards managing costs and enhancing the efficiency of our business systems and procedures.

Against this background, we expect to see turnover growth in 2004, although modest; however, earnings are expected to increase as a result of improved profitability and operating margins. Together with the contribution from the new companies, the result of the intense focus on improved profitability will boost the Group's financial results.

Financial review

General

The financial period comprises the 8-month period from 1 May 2003 to 31 December 2003, since COWI has chosen the calendar year as its financial year from and including 2004.

As a result of significant practical and financial inconvenience, comparative figures in the profit and loss account refer to the 12-month period from 1 May 2002 to 30 April 2003, just as comparative figures in the balance sheet are calculated as at 30 April 2003.

With regard to the acquisition of the shares in Interconsult on 1 January 2003, Interconsult's contributory pension scheme is not recognised in Group goodwill, but appears in the notes in line with the accounting policies applied by Interconsult ASA. For more information on this point refer to the section on "Applied accounting policies" and note 15.

Accounting policies have been changed in one respect compared to the previous year. Previously, in the notes to the accounts, COWI provided information on current and non-current pension obligations to former and present members of Management based on an accounting estimate. In accordance with the provisions of the Danish Financial Statements Act and generally accepted accounting principles, it has been decided to recognise pension liabilities in the balance sheet as plan benefits are earned. At the same time, COWI's pension obligations are now being calculated actuarially as compared to the previous estimate calculations, thus strengthening the basis of calculation.

The changed accounting policy, which has been backdated, has resulted in provisions for pension liabilities being increased by DKK 29.4 million as at 1 May 2002. After a tax deduction of DKK 8.8 million the impact as at 1 May 2002 resulted in a reduction in shareholders' funds of DKK 20.6 million. The changed policy has led to a restatement of the 2002/03 and 2003 profit and loss accounts, to the effect that profits before tax for 2002/03 and 2003 were increased by DKK 1.4 million and DKK 1 million, respectively, and Group shareholders' funds as at 31 December 2003 reduced by DKK 18.9 million.

Profit and loss account

Group net turnover for the financial period amounted to DKK 1,673.0 million. This represents an increase of about 23 per cent compared to the same 8-month period last year, of which turnover from the Norwegian Interconsult company contributed with a turnover increase of just under 20 per cent. Turnover was adversely affected by the strengthening of the DKK compared to a large number of other currencies, especially the USD and the NOK. The impact of changes in exchange rates during the accounting period can be reliably calculated for the part of turnover contributed by the Group's foreign subsidiaries. Thus exchange rate changes in this part of the Group resulted in an adverse impact of DKK 55 million on turnover. In the rest of the Group, the impact of exchange rate changes was mitigated by the hedging of accounts receivable via forward exchange contracts.

Foreign turnover accounted for 60.4 per cent of the Group's turnover. This share rose from 56.0 per cent in the 2002/03 financial year, primarily as a result of the increased turnover in the Norwegian market contributed by Interconsult.

Operating profit before amortisation, depreciation and impairment losses amounted to DKK 74.8 million. This was considerably influenced by the expenses associated with the restructuring and divestment of business units and areas. Thus Interconsult ASA was restructured during 2003, resulting in the company reporting a loss for the financial period. Furthermore, during the financial period expenses were incurred and provisions made for expenses relative to the restructuring of the Swedish company Kampsax AB and the two Polish companies Kampsax Polska and COWI Kampsax. In Denmark, expenses associated with the restructuring of the IT and card production business areas were incurred. Finally, operating profits were affected by losses arising from a number of individual projects.

After amortisation, depreciation and impairment losses of DKK 48.2 million, of which amortisation of goodwill and Group goodwill amounted to DKK 10.8 million, operating profit for the financial period amounted to DKK 26.6 million. The Group's operating margin calculated as the ratio of operating profit to turnover was 1.6 per cent, as against 1.9 per cent in the 2002/03 financial year (12 months).

Financials showed net income of DKK 6.0 million, which was an improvement compared to the 2002/03 financial year (12 months), in which net financial expenses of DKK 1.7 million were reported; this was primarily a result of the relatively positive developments within the securities market which improved returns on COWI's securities portfolio.

Profit on ordinary activities before tax and minority interests amounted to DKK 32.3 million, down DKK 11.1 million on 2002/03 (12 months).

Calculated tax amounted to DKK 13.8 million. The effective tax rate for the financial period was 42.8 per cent, compared to 41.8 per cent in the 2002/03 financial year (12 months). Non-deductible goodwill amortisation and adjustment of previous years' tax were the principal reasons behind the increase in tax rate.

Group profit for the year after tax and minority shareholders amounted to DKK 15.6 million, compared to DKK 23.5 million in the 2002/03 financial year (12 months).

Balance sheet

The Group balance sheet total amounted to DKK 1,519.4 million, which was DKK 12.5 million less than at the end of the last financial year. There were no major changes to the balance sheet structure during the financial period, apart from the above-mentioned changed accounting policies, which resulted in COWI A/S pension liabilities of DKK 27 million being recognised in the balance sheet. In addition, a tax asset of DKK 25.9 million was also included, primarily relating to the subsidiary company Interconsult, which is expected to significantly improve its earnings in the coming year.

After the adjustment of shareholders' funds in connection with the change in accounting policy, shareholders' funds as at 31 December 2003 amounted to DKK 390.3 million, compared to DKK 382.2 million at the end of the 2002/03 financial year. Retained earnings of DKK 15.6 million were added to shareholders' funds and distributed dividend payments of DKK 3.5 million in respect of the 2002/03 financial year and foreign exchange adjustments on investments in foreign subsidiaries of DKK 4.2 million were deducted. The equity ratio was 25.7 per cent as at 31 December 2003, compared to 25.0 per cent as at 30 April 2003.

Cash flow statement

Cash flow from operating activities was DKK 65.8 million. After investments of DKK 19.3 million, free cash flow was DKK 46.6 million. There was a negative free cash flow of DKK 60.6 million in the 2002/03 financial year (12 months) as a result of two major acquisitions.

At the end of the financial year, the Group's cash and cash equivalents and its securities amounted to DKK 250.2 million, which is an increase of DKK 31.2 million compared to at the end of the last financial year. If committed but undrawn credit facilities are added to cash and cash equivalents, COWI's financial resources amounted to DKK 537.2 million at the end of the financial year.

Applied accounting policies

The 2003 (8 months) Annual Report of COWI A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for a large class C enterprise.

Applied accounting policies remain unchanged from last year with the exception of accounting for pension obligations to former and present members of Management of COWI A/S. Previously, pension liabilities in COWI A/S were charged to the profit and loss account when due. This has been changed so that pension liabilities are charged to the profit and loss account as plan benefits are earned. The changed policy, which is in accordance with the provisions of the Danish Financial Statements Act and generally applied accounting principles, has resulted in an increase of DKK 29.4 million in provisions for pension liabilities at 1 May 2002. After a tax deduction of DKK 8.8 million, a DKK 20.6 million effect at 1 May 2002 has been charged directly to shareholders' funds. The changed policy has led to a restatement of the 2002/03 and 2003 profit and loss accounts, so that the profits before tax in 2002/03 and 2003 were increased by DKK 1.4 million and DKK 1.0 million, respectively, and Group shareholders' funds at 31 December 2003 was reduced by DKK 18.9 million.

In connection with the acquisition of the shares in Interconsult ASA on 1 January 2003 a statement of Group goodwill was drawn up. This statement did not include any adjustment of pension obligations to fair value. This was done with reference to section 11, subsection 3 of the Danish Financial Statements Act, as Management is of the opinion that a continuation of the accounting policy so far applied by Interconsult in the accounting for pension obligations gives a true and fair view in the Annual Report, as this policy implies that non-amortised plan changes/estimate fluctuations and pension adjustments of DKK 83.7 million that can be recovered in the course of time should not be reclassified and amortised as Group goodwill.

The method applied has had no impact on the profit for the year. If net pension liabilities had been recognised at fair value in the acquisition balance sheet, Group goodwill at 31 December 2003 would have been DKK 57.2 million higher, and the net balance sheet total at 31 December 2003 increased by DKK 50.2 million. Group shareholders' funds at 31 December 2003 would have been DKK 6.9 million higher as a consequence of foreign exchange gains from translation into Danish kroner.

COWI A/S has changed its financial year from the period 1 May – 30 April to the calendar year. The change of financial year starts with a transition period from 1 May 2003 to 31 December 2003 (8-month transition period). Danish and foreign subsidiaries in the Group whose financial years were previously 1 May – 30 April have also changed their financial years to the calendar year starting with a transition period corresponding to that of the Parent Company. Comparative figures in the profit and loss account refer to the period from 1 May 2002 to 30 April 2003 (12 months), just as comparative figures in the balance sheet are stated at 30 April 2003, as it has been assessed that a restatement of comparative figures would entail material practical and financial inconvenience for the Company.

Recognition and measurement

In the profit and loss account, income is recognised as earned, including recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Similarly, all expenses including amortisation, depreciation and impairment losses are recognised in the profit and loss account.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and when the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual item below.

Certain financial assets and liabilities are measured at amortised cost price where a constant effective interest is recognised over the maturity. Amortised cost is stated as original cost less any principal payments plus or minus the cumulative amortisation of any difference between cost and nominal amount. In this way capital losses and gains are amortised over the maturity.

Recognition and measurement take into consideration anticipated losses and risks that arise before the time of presentation of the Annual Report and which confirm or invalidate affairs and conditions existing at the balance sheet date.

Group accounts

Consolidation policy

The Annual Report includes the Parent Company COWI A/S as well as undertakings in which the Parent Company directly or indirectly holds the majority of the voting rights or in which the Parent Company through its shareholding or otherwise exercises a controlling interest. Undertakings in which the Group holds between 20% and 50% of the voting rights and exercises a significant but not controlling interest are treated as associated undertakings.

On consolidation, intercompany profits and expenses, shareholdings, dividends and balances as well as realised and unrealised gains and losses on transactions between consolidated companies have been eliminated.

The accounts applied for the Group's Annual Report have been presented in accordance with Group accounting policies. The Group's Annual Report has been prepared on the basis of the accounts of the Parent Company and the subsidiaries by combining items of a uniform nature.

Investments in subsidiaries are eliminated at the relevant proportion of the net asset value of the subsidiaries at the time of acquisition.

On acquisition of subsidiaries, any differences between the acquisition cost and the net asset value of the undertaking acquired is stated at the time of acquisition after adjusting the individual assets and liabilities at fair value (the purchase method) and allowing for recognition of any reconstruction provisions in respect of the undertaking acquired. Any remaining positive differences are recognised in the balance sheet under intangible fixed assets as Group goodwill and amortised on a straight-line basis over the expected useful life, however at a maximum of 20 years. Any negative differences are recognised in the balance sheet.

Goodwill from acquired undertakings is adjusted as a result of changes in recognition and measurement of net assets for a period of up to a total financial year following the time of acquisition.

Minority interests

On statement of Group results and Group shareholders' funds, the share of results and equity in subsidiaries that is attributable to minority interests is recognised as separate items in the profit and loss account and the balance sheet. Minority interests are recognised at fair value on the basis of a remeasurement of acquired assets and liabilities at the time of acquisition of subsidiaries.

Corporation tax and deferred tax

The Company is jointly taxed with certain 100% owned Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries is charged to the profit and loss account in the Parent Company.

Tax for the year consisting of current tax and deferred tax for the year is recognised in the profit and loss account with the share attributable to profit for the year, and is recognised directly in shareholders' funds with the share attributable to entries recognised directly in equity. Any share of the tax carried in the profit and loss account arising from profit/loss on extraordinary activities for the year is attributed to the profit and loss account, while the remaining share is attributed to profit/loss on ordinary activities for the year.

Current tax liabilities and current tax receivable are recognised net in the balance sheet as tax computed on taxable income for the year adjusted for tax on taxable income for previous years.

Deferred tax is accounted for using the balance-sheet liability method in respect of all temporary differences between accounting and tax values of assets and liabilities. However, no deferred tax is recognised in respect of temporary differences concerning goodwill not deductible for tax purposes as well as other items—apart from acquisition of enterprises—where temporary differences have arisen at the time of acquisition without any effect on accounting and taxable profits. In cases where the computation of the tax value may be made according to alternative tax rules, deferred tax is recognised on the basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets including the tax value of tax-loss carryforwards are recognised at the value at which they are expected utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustment of deferred tax is made concerning elimination made of unrealised intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax as a consequence of amendments to tax rates are recognised in the profit and loss account.

Translation policies

Transactions in foreign currencies are translated applying standard rates approximating the foreign exchange rates ruling at the dates of transaction. Any exchange differences arising between the transaction date rates and the rates at the date of payment are recognised in the profit and loss account as part of net turnover.

Accounts receivable and payable and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated into the exchange rates ruling at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or payable arises are recognised in the profit and loss account under financial income and expenses.

Fixed assets acquired in foreign currencies are translated into the rates ruling at the dates of transaction.

On recognition of foreign subsidiaries and associated undertakings that are separate legal entities, profit and loss accounts are translated at monthly average exchange rates, and balance sheet items are translated at the exchange rates at the balance sheet date. Exchange differences arising on translation of the opening equity of foreign subsidiaries to the exchange rates at the balance sheet date, and on translation of profit and loss accounts from average exchange rates to the rates at the balance sheet date are recognised directly in shareholders' funds.

On recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates ruling at the balance sheet date. Non-monetary items are translated at the rates at the time of acquisition or at the time of any subsequent revaluation or writedown for impairment of the asset. Profit and loss account items are translated at transaction-date exchange rates; however, items derived from non-monetary items are translated at the historical rates in respect of the non-monetary item.

Exchange adjustments of intercompany balances and transactions with foreign subsidiaries that are considered additions to or deductions from the equity of independent subsidiaries are recognised directly in shareholders' funds. Similarly, exchange gains and losses on loans and derivative financial instruments contracted for hedging purposes by independent foreign subsidiaries are recognised directly in shareholders' funds.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently remeasured at their fair value. Positive and negative fair values of derivative financial instruments are included in prepayments under assets and in deferred income under liabilities, respectively.

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or liability are recognised in the profit and loss account together with any changes arising in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments that are designated and qualify as future asset and liability hedges are recognised in prepayments/deferred income or shareholders' funds, respectively. Where the forecast transaction results in the recognition of an asset or a liability, amounts that have been deferred in equity are transferred from equity and included in the cost of the asset and the liability, respectively. Where the forecast transaction results in income or expenses, amounts that have been deferred in equity are transferred to the profit and loss account in the period during which the hedged item affects the profit and loss account.

Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account.

Segment information

Information is provided on geographical markets. Information on geographical markets is based on the Group's internal financial reporting system.

Incentive schemes

The material provisions of the employee share schemes are disclosed in the notes to the Group Accounts and have no effect on the profit and loss account. At present, there are no incentive schemes.

Profit and loss account

Net turnover

Net turnover corresponds to an approximate and prudently assessed sales value of work performed for the year. The completion of the individual projects will generally progress over several accounting periods and therefore the percentage-of-completion method is applied for revenue recognition. Profits on work performed are recognised as income accordingly and by reference to the stage of completion.

Project expenses

Project expenses include expenses directly attributable to projects excluding salaries including travel expenses, external expenses as well as other expenses.

External expenses

External expenses include administrative expenses, office expenses, marketing expenses as well as other expenses.

Other operating expenses, net

Other operating expenses, net include items of a secondary nature compared with the Company's core activities, including removal expenses as well as profits and losses from the sale of intangible and tangible fixed assets.

Net financials

Financial income and expenses include interest, financial expenses related to finance leases, realised and unrealised exchange adjustments, price adjustments on securities as well as amortisation of long-term receivables.

Extraordinary income and expenses

Extraordinary income and expenses include income and expenses attributable to events or transactions that are clearly distinct from the ordinary activities and are anticipated to be non-recurring.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised over the estimated useful life determined on the basis of Management's experience with the individual business areas. The amortisation period is 5-20 years, the longest period applying to acquired undertakings with a strong market position and an expected long earnings profile.

Rights

Rights are amortised on a straight-line basis over 5 years.

Own-developed products

Own-developed products that are clearly defined and identifiable where the technical utilisation rate, sufficient resources and a potential future market or development opportunity in the enterprise can be verified and where the intention is to market or use the project, are recognised with effect from 1 May 2002 as intangible fixed assets. This applies if sufficient certainty exists that the net present value (value in use) of the future earnings can cover the expenses involved.

Own-developed products that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the profit and loss account as incurred.

Own-developed products include salaries, amortisation and other expenses that are directly or indirectly attributable to the Company's development activities. Capitalised own-developed product costs are measured at the lower of cost, less accumulated amortisation and impairment losses, and recoverable amount.

On completion of the development work, own-developed products are amortised on a straight-line basis over the period in which the work is expected to generate economic benefits. The amortisation period is 2-5 years.

Software

Software is measured at the lower of cost, less accumulated amortisation and impairment losses, and net asset value. The amortisation period is 3-5 years.

Summary of the amortisation periods for intangible fixed assets

Goodwill	5-20 years
Rights	5 years
Own-developed products	2-5 years
Software	3-5 years

Tangible fixed assets

Land and buildings

Land and buildings are measured at cost less accumulated depreciation and impairment losses and depreciated on a straight-line basis over 50 years.

Special installations in buildings are depreciated on a straight-line basis over 10-15 years.

Technical installations, operating and other equipment

Technical installations, operating and other equipment, including leasehold improvements are measured at cost less accumulated depreciation and impairment losses and depreciated on a straight-line basis over 3-10 years.

Assets under finance leases

At the inception of the lease, leases in respect of tangible fixed assets in terms of which the individual Group companies assume substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the fair value of the leased asset where such an asset exists. Alternatively, the net present value, if lower, of future lease payments at the inception of the lease is applied. When computing the net present value, the interest rate implicit in the lease is applied as the discount rate or an approximated value. Assets under finance leases are depreciated and impaired like the Group's other tangible fixed assets.

The residual lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payment is charged to the profit and loss account, as incurred, over the lease term.

All other leases are considered as operating leases. Lease payments under operating leases are recognised in the profit and loss account over the lease term.

Summary of depreciation periods for tangible fixed assets

Buildings	50 years
Special installations in buildings	10-15 years
Technical installations, operating and other equipment, including leasehold improvements	3-10 years

Impairment of fixed assets

The net book value of intangible as well as tangible fixed assets are reviewed on an annual basis to determine whether there is any indication of impairment exceeding the writedowns in connection with general amortisation and depreciation. Where impairment is required, writedown is made to recoverable amount, if lower. The recoverable amount of the asset is determined as the higher of net selling price and net present value (value in use). Where it is not possible to determine the recoverable amount of the individual asset, the impairment requirement is assessed in respect of the smallest group of assets for which it is possible to determine the recoverable amount.

Fixed asset investments

Investments in subsidiaries and associated undertakings

Investments in subsidiaries and associated undertakings are recognised and measured under the equity method in the Parent Company's Annual Report.

The Parent Company profit and loss account recognises the proportionate share of the subsidiaries' results before tax for the year under the item 'Share of profit before tax in subsidiaries', while the share of tax in subsidiaries is included in the item 'Tax on profit on ordinary activities'. Group goodwill amortisation is presented separately in the profit and loss account under the item 'Goodwill and Group goodwill amortisation'.

The Group's and the Parent Company's profit and loss account includes the proportionate share of results before tax for the year of associated undertakings under the item 'Share of profit before tax in associated undertakings', while the share of tax in associated undertakings is included in the item 'Tax on profit on ordinary activities'. Group goodwill amortisation is presented separately in the profit and loss account under the item 'Goodwill and Group goodwill amortisation'.

Under the item 'Investments in associated undertakings', the Group's balance sheet includes the relevant equity interest proportion of the net asset value of the associated undertakings measured under the Parent Company's accounting policies less deduction or with addition of the share of unrealised intercompany profits or losses.

Under the items 'Investments in subsidiaries' and 'Investments in associated undertakings', the Parent Company's balance sheet includes the relevant equity interest proportion of the net asset value of the undertakings measured under the Parent Company's accounting policies less deduction and with addition of the share of unrealised intercompany profits or losses.

Subsidiaries and associated undertakings with a negative net asset value are measured at DKK zero, and any receivable from these undertakings is written down, to the extent estimated to be uncollectible, by the Parent Company's share of the negative net asset value. Where the negative net asset value exceeds the amount receivable, the residual amount is recognised under provisions to the extent where the Parent Company has a legal or constructive obligation to cover the undertaking's negative balance.

The total net revaluation of investments in subsidiaries and associated undertakings is transferred in the Parent Company over the distribution of profit to 'Reserve for net revaluation according to the equity method' under shareholders' funds.

Positive and negative differences are separately included under the item 'Group goodwill' both in the Parent Company's balance sheet and in the Group Accounts.

Undertakings acquired during the financial year are included in the Parent Company and Group Accounts from the time of acquisition, and undertakings disposed of are included until the time of disposal. Comparative figures are generally not adjusted for new acquisitions and disposals.

Any gains or losses on disposal or liquidation of subsidiaries are computed as the difference between the sales sum or the liquidation amount and the net asset value of net assets at the time of disposal or liquidation, including non-amortised goodwill as well as expected sales or liquidation expenses. Any gains or losses are recognised in the profit and loss account.

Other investments and participating interests

Other investments and participating interests include bonds and shares measured at fair value at the balance sheet date. Listed securities are measured at the official market price at the balance sheet date. Unlisted securities are measured at selling price based on a computed value in use.

Current assets

Receivables

Accounts receivable are measured at the lower of amortised cost or net realisable value corresponding to a nominal value less losses for uncollectibles. Losses on uncollectibles are calculated on the basis of an individual assessment of each account receivable, and in respect of trade accounts receivable, an additional general provision is made.

Contract work in progress

Contract work in progress is recognised in the balance sheet net of amounts invoiced in advance. Gross work in progress is measured at the selling price of the work performed. The selling price is measured in proportion to the stage of completion at the balance sheet date and the total expected profit on the individual projects (the percentage-of-completion method). This principle implies that the expected profit on the individual projects is recognised in the profit and loss account on a current basis by reference to the stage of completion.

The stage of completion is measured by the proportion that project expenses incurred for work performed to date bear to the estimated total project expenses. Where it is probable that total project expenses will exceed the total revenues from a project, the expected loss is recognised as an expense in the profit and loss account.

The share of work in progress etc. performed in joint ventures is included in work in progress.

Own shares

Own shares are shares acquired by COWI A/S for use in future allotments to employees. Own shares are measured at cost and tied up in a special reserve under shareholders' funds. Any gains/losses on disposal are recognised in the profit and loss account.

Current asset investments

Current asset investments include listed bonds and shares measured at fair value at the balance sheet date. Listed securities are measured at market price. Unlisted securities are measured at selling price based on a calculated value in use.

Net pension funds and pension benefit obligations

A number of defined benefit plans have been concluded in the Group's Norwegian subsidiaries. The assets stemming from these plans are placed in pension funds in accordance with the relevant regulations. The pension plans are funded through contributions from the company, due consideration being paid to the assessments by independent, qualified actuaries on the determination of the necessary contributions to the plans.

When determining pensions, linear earnings profiles and expected final salaries constitute the basis of eligibility. For the benefit plans, total obligations are assessed against total assets in the benefit plan. When measuring plan assets and benefit obligations, the estimated fair value at the time of closing the accounts is applied. The estimated values are adjusted each year in accordance with actuarial calculations. The accounting for pension costs is in accordance with International Accounting Standard no. 19 (IAS 19, Employee Benefits). Payroll tax is charged to the profit and loss account on the basis of paid-in pension premiums. Plan changes are amortised over the estimated remaining earnings period. The same applies to estimate fluctuations to the extent that they exceed 10 per cent of the higher of the accrued pension benefit obligations and the plan assets (the corridor approach).

COWI A/S has contributed to defined benefit plans for a number of former and present members of Management. These plan benefits are recognised in the balance sheet as the benefits are earned. The calculation of plan benefits is based on actuarial calculations.

Prepayments

End-of-period adjustments required by accrual accounting recognised as prepayments under assets include payments made in respect of subsequent financial years, typically prepaid rent, insurance premiums, subscriptions etc. as well as adjustments to fair value of derivative financial instruments with a positive fair value.

Shareholders' funds

Dividend

Dividend is recognised as a liability at the time of adoption by the Annual General Meeting. Dividend expected distributed for the year is recorded in a separate item under shareholders' funds.

Provisions

Provisions are recognised when—as a consequence of an event occurred before or on the balance sheet date—the Group has a legal or constructive obligation and it is probable that economic benefits must be sacrificed to settle the obligation.

Other provisions include legal obligations etc. on completed projects. Provisions with an expected maturity exceeding one year from the balance sheet date are discounted at the average bond yield. Deferred tax is not discounted to present value.

Financial debts

Fixed-rate loans such as mortgages and loans from credit institutions intended held to maturity are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, borrowings are stated at amortised cost corresponding to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value (the capital loss) is recognised in the profit and loss account over the loan period.

Other debts are measured at amortised cost, materially corresponding to nominal value.

Deferred income and other liabilities
End-of-period adjustments required by accrual accounting recognised as deferred income under liabilities include payments received concerning income in respect of subsequent periods as well as adjustments to fair value of derivative financial instruments with a negative fair value.

Cash flow statement

The cash flow statement shows the Group's cash flows for the year distributed on operating, investing and financing activities, net changes for the year in cash and cash equivalents as well as Group cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities
Cash flows from operating activities are calculated as Group results adjusted for non-cash operating items such as amortisation, depreciation and impairment losses, provisions as well as net change in working capital, interest income and expenses, amounts paid in respect of extraordinary items and corporation tax paid.

Working capital includes current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flow from investing activities
Cash flows from investment activities include cash flows from acquisitions and disposals of intangible and tangible fixed assets as well as fixed asset investments.

Cash flow from financing activities
Cash flows from financing activities include cash flows from the raising and repayment of long-term debt as well as purchase of own shares and dividend payments to shareholders.

Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand as well as securities recognised as current asset investments.

The cash flow statement cannot be immediately derived from the published financial records.

Financial ratios
The financial ratios stated in Key Figures and Financial Ratios have been calculated as follows:

EBITDA margin	$\frac{\text{Operating profit before depreciation and amortisation x 100}}{\text{Net turnover}}$
Operating margin	$\frac{\text{Operating profit x 100}}{\text{Net turnover}}$
Return on invested capital	$\frac{\text{Operating profit x 100}}{\text{Non-financial assets less advance invoicing, end-of-year}}$
Equity ratio	$\frac{\text{Equity excl. minority interests, end-of-year x 100}}{\text{Total liabilities and equity, end-of-year}}$
Return on equity	$\frac{\text{COWI-Group share of profit for the year x 100}}{\text{Average equity excl. minority interests}}$

Profit and loss account

PARENT COMPANY				GROUP	
adjusted **2002/03** (12 months)	**2003** (8 months)	**DKK ´000**	**Note**	**2003** (8 months)	adjusted **2002/03** (12 months)
1,596,904	1,181,485	**Net turnover**	**1**	1,673,046	2,292,929
(477,712)	(406,224)	Project expenses		(466,917)	(668,068)
1,119,192	775,261	**Own production**		1,206,129	1,624,861
(169,108)	(107,297)	External expenses	**2**	(202,484)	(294,039)
(857,096)	(613,081)	Staff expenses	**3**	(928,431)	(1,211,059)
(40,429)	(24,098)	Amortisation, depreciation and impairment losses	**4**	(48,183)	(70,037)
52,559	30,785	**Operating profit on ordinary activities**		27,031	49,726
9,702	1,767	Other operating expenses, net	**5**	(437)	(5,243)
62,261	32,552	**Operating profit**		26,594	44,483
(11,734)	(376)	Profit on ordinary activities before tax in subsidiaries	**6**	-	-
259	(63)	Profit on ordinary activities before tax in associated undertakings	**7**	(260)	630
(13,949)	(10,777)	Goodwill and group goodwill amortisation	**4**	-	-
27,850	14,947	Financial income	**8**	20,553	33,840
(24,001)	(7,532)	Financial expenses	**9**	(14,542)	(35,534)
40,686	28,751	**Profit on ordinary activities before tax**		32,345	43,419
(17,159)	(13,168)	Tax on profit on ordinary activities	**10**	(13,835)	(18,167)
23,527	15,583	**Profit on ordinary activities after tax**		18,510	25,252
-	-	Profit on extraordinary activities after tax		-	-
23,527	15,583	**Profit for the year**		18,510	25,252
-	-	Profit/loss from subsidiaries attributable to minority shareholders		(2,927)	(1,725)
23,527	15,583	**COWI's share of profit for the year**		15,583	23,527

Proposed distribution of net profit

		DKK ´000
3,475	2,318	Proposed dividend at 6.67% (10%)
20,052	13,265	Retained earnings
23,527	15,583	

Balance sheet

PARENT COMPANY				GROUP	
adjusted 30 April 2003	31 Dec. 2003	DKK ´000	Note	31 Dec. 2003	adjusted 30 April 2003
125,417	121,317	Goodwill and rights		677	1,003
127,808	121,319	Group goodwill		242,636	253,225
12,615	9,433	Software		11,699	17,380
1,301	5,855	Own-developed products		5,855	1,301
267,141	257,924	**Intangible fixed assets**	**11**	260,867	272,909
4,150	4,302	Land and buildings		9,901	10,503
89,956	82,031	Technical installations, operating and other equipment		114,874	125,108
-	1,561	Fixed assets in course of construction		2,297	364
94,106	87,894	**Tangible fixed assets**	**12**	127,072	135,975
91,427	95,840	Investments in subsidiaries	**6**	-	-
2,375	1,189	Investments in associated undertakings	**7**	7,478	8,400
9,147	23,401	Loans to subsidiaries		-	-
293	293	Other investments and participating interests		5,739	13,222
103,242	120,723	**Fixed asset investments**	**13**	13,217	21,622
464,489	466,541	**Total fixed assets**		401,156	430,506
512	467	**Stocks**		467	512
281,913	310,048	Accounts receivable, services		483,294	475,037
182,225	181,062	Work in progress, net	**14**	232,986	240,880
80,274	69,203	Amounts owed by subsidiaries		-	-
-	-	Amounts owed by associated undertakings		420	582
30,864	30,314	Other receivables		53,337	68,655
-	-	Net pension assets	**15**	28,734	25,129
-	-	Tax asset	**21**	25,980	24,304
40,944	40,143	Prepayments	**16**	42,827	45,440
616,220	630,770	**Accounts Receivable**		867,578	880,027
1,900	-	**Own shares**	**17**	-	1,900
143,635	152,275	**Current asset investment**	**18**	152,275	143,635
27,758	50,976	**Cash at bank and in hand**		97,923	75,356
790,025	834,488	**Total current assets**		1,118,243	1,101,430
1,254,514	1,301,029	**TOTAL ASSETS**		1,519,399	1,531,936

PARENT COMPANY				GROUP	
adjusted 30 April 2003	31 Dec. 2003	DKK ´000	Note	31 Dec. 2003	adjusted 30 April 2003
34,750	34,750	Share capital		34,750	34,750
5,881	5,881	Share premium account		5,881	5,881
1,900	-	Reserve for own shares		-	1,900
336,149	347,349	Retained earnings		347,349	336,149
3,475	2,318	Proposed dividend		2,318	3,475
382,155	390,298	**Shareholders' funds**	**19**	390,298	382,155
-	-	**Minority interests**	**20**	15,309	15,507
153,780	149,928	Deferred tax	**21**	152,492	142,206
28,000	27,000	Net pension benefit obligations	**15**	28,615	31,170
4,363	2,375	Other provisions	**22**	29,665	35,151
186,143	179,303	**Provisions**		210,772	208,527
11,889	9,409	Credit institutions		24,942	25,789
-	-	Other accounts payable		-	12,769
11,889	9,409	**Long-term debt**	**23**	24,942	38,558
3,721	3,660	Current portion of long-term debt		13,184	8,813
50,665	70,069	Credit institutions		95,690	111,564
14,167	13,851	Amounts owed to subsidiaries		-	-
-	-	Amounts owed to associated undertakings		-	-
46,604	98,735	Accounts payable, suppliers		132,535	75,454
36,215	37,069	Taxes and VAT payable		76,670	88,946
332,752	339,707	Amounts invoiced in advance	**24**	337,227	323,172
136,606	128,177	Accrued holiday allowance		166,721	192,245
41,639	29,351	Other accounts payable		43,455	65,001
11,958	1,400	Deferred income		12,596	21,994
674,327	722,019	**Short-term debt**		878,078	887,189
686,216	731,428	**Total debt**		903,020	925,747
1,254,514	1,301,029	**TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS**		1,519,399	1,531,936
		Contingent liabilities, commitments and guarantees	**25**		
		Notes without reference	**26-28**		

Statement of changes in shareholders' funds

Statement of changes in shareholders' funds of the COWI Group

	GROUP					
DKK ´000	**Share capital**	**Share premium account**	**Reserve for own shares**	**Retained earnings**	**Proposed dividend**	**Total**
Shareholders' funds at 1 May 2002	34,750	5,881	10,131	318,276	3,475	372,513
Distributed dividend					(3,475)	(3,475)
Profit for the year				23,527		23,527
Exchange adjustment, foreign subsidiaries				(7,077)		(7,077)
Value adjustments of investments in subsidiaries				(3,530)		(3,530)
Value adjustment of hedging instruments, beginning-of-year				197		197
Value adjustment of hedging instruments, end-of-year				-		-
Sale of own shares			(8,231)	8,231		-
Proposed dividend				(3,475)	3,475	-
Shareholders' funds at 1 May 2003	**34,750**	**5,881**	**1,900**	**336,149**	**3,475**	**382,155**
Distributed dividend					(3,475)	(3,475)
Profit for the year				15,583		15,583
Exchange adjustment, foreign subsidiaries				(4,247)		(4,247)
Exchange adjustments relating to foreign associated companies				(52)		(52)
Value adjustment of hedging instruments, beginning-of-year				-		-
Value adjustment of hedging instruments, end-of-year				334		334
Sale of own shares			(1,900)	1,900		-
Proposed dividend				(2,318)	2,318	-
Shareholders' funds at 31 Dec. 2003	**34,750**	**5,881**	**0**	**347,349**	**2,318**	**390,298**

Statement of changes in shareholders' funds of COWI A/S

DKK ´000	Share capital	Share premium account	Reserve for own shares	Retained earnings	Proposed dividend	Total
	PARENT COMPANY					
Shareholders' funds at 1 May 2002	34,750	5,881	6,602	321,805	3,475	372,513
Distributed dividend					(3,475)	(3,475)
Profit for the year				23,527		23,527
Exchange adjustment, foreign subsidiaries				(7,077)		(7,077)
Value adjustments of investments in subsidiaries				(3,530)		(3,530)
Value adjustment of hedging instruments, beginning-of-year				197		197
Value adjustment of hedging instruments, end-of-year				-		-
Sale of own shares			(4,702)	4,702		-
Proposed dividend				(3,475)	3,475	-
Shareholders' funds at 1 May 2003	**34,750**	**5,881**	**1,900**	**336,149**	**3,475**	**382,155**
Distributed dividend					(3,475)	(3,475)
Profit for the year				15,583		15,583
Exchange adjustment, foreign subsidiaries				(4,247)		(4,247)
Exchange adjustments relating to foreign associated companies				(52)		(52)
Value adjustment of hedging instruments, beginning-of-year				-		-
Value adjustment of hedging instruments, end-of-year				334		334
Sale of own shares			(1,900)	1,900		-
Proposed dividend				(2,318)	2,318	-
Shareholders' funds at 31 Dec. 2003	**34,750**	**5,881**	**0**	**347,349**	**2,318**	**390,298**

Cash flow statement

DKK ´000	Note	GROUP 2003 (8 months)	GROUP 2002/03 (12 months)
Operating profit		26,594	44,483
Amortisation and depreciation for the year as well as profit/(loss) from disposal of fixed assets		48,306	60,523
Unrealised value adjustments for the year, net		(5,812)	(21,035)
Other provisions for the year		(8,041)	9,770
Operating profit adjusted for non-cash movements		61,047	93,741
Net financial income paid for the year		5,345	11,300
Corporation tax paid		(4,339)	(6,624)
Cash flow from operating activities before change in working capital		62,053	98,417
Change in stocks		45	(512)
Change in work in progress		21,949	101,837
Change in accounts receivable		(8,257)	66,257
Change in accounts payable		57,081	(12,052)
Change in other receivables and prepayments		14,488	15,827
Change in other payables and deferred income		(81,513)	(132,520)
Cash flow from operating activities		65,846	137,254
Acquisition of intangible fixed assets		(9,281)	(24,624)
Disposal of intangible fixed assets		1,581	0
Acquisition of tangible fixed assets		(23,232)	(49,744)
Disposal of tangible fixed assets		3,707	13,493
Acquisition of subsidiaries and activities		0	(124,632)
Disposal of other fixed asset investments		(2,350)	(12,350)
Disposal of fixed asset investments		10,288	0
Cash flow from investing activities		(19,287)	(197,857)
Free cash flow		46,559	(60,603)
Repayment of financial accounts payable (net)		(12,350)	(33,787)
Shareholders:			
Distributed dividend/purchase of minorities		(5,569)	(3,475)
Sale/purchase of own shares (+/-)		2,567	5,211
Cash flow from financing activities		(15,352)	(32,051)
Cash flow for the year		31,207	(92,654)
Cash and cash equivalents, beginning-of-year		218,991	311,645
Cash and cash equivalents, end-of-year	**28**	250,198	218,991

The cash flow statement cannot be immediately derived from the profit and loss account.

Notes

Note 1 Segment information

Below, the Group's turnover, operating profit, fixed assets and liabilities are distributed by geographical market into the Danish market and the foreign market. A corresponding distribution of activities has been omitted with reference to the transition provisions of the Danish Financial Statements Act.

	GROUP	
DKK ´000	**Danish market**	**Foreign market**
Net turnover	661,980	1,011,065
Operating profit	19,407	7,187
Fixed assets	108,190	292,966
Liabilities	350,317	438,623

Note 2 Fees for auditor elected by the Annual General Meeting

PARENT COMPANY			GROUP	
2002/03 (12 months)	**2003** (8 months)	**DKK ´000**	**2003** (8 months)	**2002/03** (12 months)
(1,574)	(1,653)	Audit fee	(2,768)	(3,294)
(2,063)	(2,011)	Fees, services other than audit	(2,235)	(2,503)
(3,637)	(3,664)	**Total fees for auditor elected by the Annual General Meeting**	(5,003)	(5,797)

Note 3 Staff expenses

PARENT COMPANY			GROUP	
2002/03 (12 months)	**2003** (8 months)	**DKK ´000**	**2003** (8 months)	**2002/03** (12 months)
(646)	(442)	Remuneration for Board of Directors, Parent Company	(442)	(646)
(825,647)	(588,019)	Salaries and wages	(848,607)	(1,121,180)
(7,494)	(4,206)	Pensions and social security	(46,005)	(52,844)
(23,309)	(20,414)	Other staff expenses	(33,377)	(36,389)
(857,096)	(613,081)	**Staff expenses**	(928,431)	(1,211,059)
(6,794)	(4,538)	Remuneration, Executive Management	(4,538)	(6,794)
1,847	1,966	**Average number of employees**	3,467	2,923
1,972	1,960	**Number of employees at 31 Dec. (30 April)**	3,433	3,501

Note 4 Amortisation, depreciation and impairment losses

PARENT COMPANY			GROUP	
2002/03 (12 months)	**2003** (8 months)	**DKK ´000**	**2003** (8 months)	**2002/03** (12 months)
(6,839)	(3,545)	Software	(5,451)	(8,674)
(7,363)	(3,376)	Own-developed products	(3,376)	(7,363)
(157)	(80)	Land and buildings	(194)	(257)
(26,070)	(17,097)	Technical installations, operating and other equipment	(28,111)	(39,558)
(40,429)	(24,098)		(37,132)	(55,852)
(5,783)	(4,100)	Goodwill and rights	(274)	(283)
(8,166)	(6,677)	Group goodwill	(10,777)	(13,902)
(54,378)	(34,875)	**Amortisation, depreciation and impairment losses**	(48,183)	(70,037)

Note 5 Other operating expenses, net

PARENT COMPANY			GROUP	
2002/03 (12 months)	**2003** (8 months)	**DKK ´000**	**2003** (8 months)	**2002/03** (12 months)
10,514	420	Profits from sale of fixed assets	420	10,514
(86)	(52)	Loss from sale of fixed assets	(543)	(999)
-	-	Loss from closing down of company	-	(13,477)
551	1,713	Royalty income	-	-
(1,277)	(314)	Removal expenses	(314)	(1,281)
9,702	1,767	**Other operating expenses, net**	(437)	(5,243)

Note 6 Investments in subsidiaries

						COWI Group's share	
Name	**Domicile**	**Owner-ship %**	**Share capital**	**Share-holders' funds**	**Profit/loss for the year**	**Profit on ordinary activities before tax**	**Share-holders' funds**
			(1,000)	DKK ´000	DKK ´000	DKK ´000	DKK ´000
Ben C. Gerwick Inc.	USA	94.5%	USD 766	9,860	(30)	823	9,318
Bruun & Sørensen Energiteknik A/S	Denmark	100%	DKK 1,000	5,322	(296)	(296)	5,322
CCL GmbH	Germany	100%	EUR 25	-	58	58	-
COMAR Engineers A/S	Denmark	100%	DKK 849	1,847	(23)	(23)	1,847
COWI Belgium SPRL	Belgium	100%	EUR 7	65	27	51	65
COWI Canada Ltd.	Canada	100%	CAD 1,079	(173)	559	934	(173)
COWI Hungary Ltd.	Hungary	100%	HUF 50,000	2,627	230	230	2,627
COWI Korea Ltd.	Korea	60%	KRW 500,000	3,392	995	833	2,035

(cont.)

Note 6 Investments in subsidiaries (cont.)

Name	Domicile	Ownership %	Share capital	Shareholders' funds	Profit/loss for the year	COWI Group's share: Profit on ordinary activities before tax	COWI Group's share: Shareholders' funds
			(1,000)	DKK ´000	DKK ´000	DKK ´000	DKK ´000
COWI Philippines Inc.	Philippines	100%	PHP 5,846	194	(117)	(194)	194
COWI Kampsax Sp. z.o.o.	Poland	100%	PLN 223	(2,537)	(969)	(1,034)	(2,537)
COWI Tanzania Consulting Engineers and Planners Ltd.	Tanzania	100%	TZS 20,000	3,973	2,068	838	3,973
COWI-Almoayed Gulf W.L.L.	Bahrain	49%	BHD 20	606	1,065	603	297
COWIconsult International Ltd.	England	100%	GBP 10	(241)	187	161	(241)
Danport A/S	Denmark	100%	DKK 500	542	(2)	3	542
Enviroplan International A/S	Denmark	100%	DKK 500	496	(18)	(18)	496
ETC GmbH	Germany	90%	EUR 1,790	23,997	3,932	5,445	21,597
Hjellnes COWI A/S	Norway	70%	NOK 4,678	22,630	2,465	2,477	15,841
Interconsult ASA	Norway	100%	NOK 21,695	32,521	(1,797)	(1,991)	32,521
KX A/S	Denmark	100%	DKK 10,000	(6,473)	(7,884)	(9,056)	(6,473)
Matcon Rådgivende Ingeniørfirma A/S	Denmark	100%	DKK 500	1,715	21	21	1,715
MMS Norge A/S	Norway	100%	NOK 100	55	(8)	(8)	55
Studstrup og Østgaard A/S	Denmark	100%	DKK 1,125	2,377	264	364	2,377
UAB COWI Baltic Consulting Engineers and Planners	Lithuania	100%	LTL 200	1,654	649	649	1,654
						870	93,052
Other adjustments						(1,246)	(6,636)
For companies with negative shareholders' funds, a set-off has been effected in amounts receivable						-	9,424
						(376)	95,840

All subsidiaries are independent entities.

Note 7 Investments in associated undertakings

Name	Domicile	Ownership %	Share capital	Shareholders' funds	Profit/loss for the year	COWI Group's share: Profit on ordinary activities before tax	COWI Group's share: Shareholders' funds
			(1,000)	DKK ´000	DKK ´000	DKK ´000	DKK ´000
Casa Nova I/S	Denmark	41%	Divested	-	-	10	-
CAT Alliance Ltd.	England	33%	GBP 100	940	-	-	313
Covitecma S.A.	Spain	25%	EUR 180	2,252	(291)	(73)	563
Danrail Consult A/S	Denmark	33%	Divested	-	-	-	-
Yan-Dan Ltd.	China	30%	CNY 1,244	1,042	-	-	313
COWI A/S's investments in associated companies						(63)	1,189

(cont.)

Note 7 Investments in associated undertakings (cont.)

Name	Domicile	Ownership %	Share capital	Shareholders' funds	COWI Group's share: Profit/loss for the year	COWI Group's share: Profit on ordinary activities before tax	COWI Group's share: Shareholders' funds
			(1,000)	DKK ´000	DKK ´000	DKK ´000	DKK ´000
Aviaplan AS	Norway	33%	NOK 804	645	-	(398)	213
ComputIT AS	Norway	46%	NOK 2,173	2,964	1,117	308	1,482
Teledrifting AS	Norway	50%	NOK 150	3,922	(146)	(270)	1,961
Lista Flypark AS	Norway	50%	NOK 100	-	-	(51)	-
Synkarion AS	Norway	34%	NOK 100	88	-	-	30
Wellfield Consulting Services (Proprietary) Limited	Botswana	50%	BWP 209	2,470	-	-	1,235
Interconsult Bulgaria Limited	Bulgaria	50%	USD 2.67	966	429	214	483
Hunan Qunshan Water Treatment Equipment Co. Ltd.	China	28%	RMB 1,660	661	-	-	185
Zeolite Investments (Private) Limited	Zimbabwe	35%	ZWD 0.1	834	-	-	292
Interconsult Zimbabwe (Private) Limited	Zimbabwe	35%	ZWD 200	1,166	-	-	408
						(260)	7,478

Note 8 Financial income

PARENT COMPANY 2002/03 (12 months)	PARENT COMPANY 2003 (8 months)	DKK ´000	GROUP 2003 (8 months)	GROUP 2002/03 (12 months)
11,560	4,458	Interest, cash at bank and in hand and securities etc,	8,553	15,626
3,844	1,761	Interest, group undertakings	-	-
10,864	6,962	Realised and unrealised capital gains, investments	6,997	10,864
1,582	1,766	Foreign exchange gains	5,003	7,350
27,850	14,947	**Financial income**	20,553	33,840

Note 9 Financial expenses

PARENT COMPANY			GROUP	
2002/03 (12 months)	**2003** (8 months)	**DKK ´000**	**2003** (8 months)	**2002/03** (12 months)
(3,659)	(3,283)	Interest, bank and mortgage debt etc.	(6,640)	(10,982)
-	(213)	Interest, group undertakings	-	-
(12,290)	(1,467)	Realised and unrealised capital loss, investments	(1,518)	(12,290)
(8,052)	(2,569)	Foreign exchange losses	(6,384)	(12,262)
(24,001)	(7,532)	**Financial expenses**	(14,542)	(35,534)

Note 10 Tax on profit for the year

PARENT COMPANY			GROUP	
2002/03 (12 months)	**2003** (8 months)	**DKK ´000**	**2003** (8 months)	**2002/03** (12 months)
-	-	Current tax	(3,347)	(7,128)
(686)	(1,878)	Current tax, foreign project offices	(1,878)	(686)
(13,848)	(4,194)	Deferred tax	(6,150)	(15,536)
-	-	Tax in associated companies	-	(15)
(7,823)	(4,636)	Tax in group undertakings	-	-
5,198	(2,460)	Deferred tax for previous years carried back	(2,460)	5,198
(17,159)	(13,168)	**Tax on profit for the year**	(13,835)	(18,167)
		broken down as follows:		
(17,159)	(13,168)	Tax on profit on ordinary activities	(13,835)	(18,167)
-	-	Tax on profit on extraordinary activities	-	-
(17,159)	(13,168)	Tax on profits for the year	(13,835)	(18,167)
-	-	Tax on movements in shareholders' funds	-	-
(17,159)	(13,168)	**Total tax on profit for the year**	(13,835)	(18,167)
		Tax on profit on ordinary activities can be broken down as follows:		
(12,206)	(8,625)	Tax on profit on ordinary activities before tax calculated at 30%	(9,704)	(13,026)
(6,561)	(1,662)	Adjustment of tax calculated in foreign group	(1,662)	(6,561)
		Tax effect from:		
(2,450)	(2,003)	Book amortisation of goodwill disallowed for tax purposes	(2,003)	(2,450)
(1,140)	1,582	Other costs/other earnings disallowed for tax purposes	1,994	(1,328)
5,198	(2,460)	Adjustment of taxes for previous years	(2,460)	5,198
(17,159)	(13,168)		(13,835)	(18,167)
42.2%	45.8%	**Effective tax rate**	42.8%	41.8%

Note 11 Intangible fixed assets

DKK ´000	Goodwill and rights	Group goodwill	Software	Own-developed products	Total
			GROUP		
Cost at 1 May 2003	21,026	283,336	48,350	8,664	361,376
Adjustment of acquisition prices for takeovers	-	1,829	-	-	1,829
Adjusted cost at 1 May 2003	21,026	285,165	48,350	8,664	363,205
Additions	-	188	1,351	7,930	9,469
Disposals	91	-	1,722	-	1,813
Cost at 31 Dec. 2003	20,935	285,353	47,979	16,594	370,861
Depreciation and writedowns at 1 May 2003	20,023	31,940	30,970	7,363	90,296
Amortisation	274	10,777	5,451	3,376	19,878
Disposals	39	-	141	-	180
Amortisation and writedowns at 31 Dec. 2003	20,258	42,717	36,280	10,739	109,994
Net book value at 31 Dec. 2003	**677**	**242,636**	**11,699**	**5,855**	**260,867**
Adjusted book value at 1 May 2003	1,003	253,225	17,380	1,301	272,909

DKK ´000	Goodwill and rights	Group goodwill	Software	Own-developed products	Total
			PARENT COMPANY		
Cost at 1 May 2003	157,008	145,921	39,935	8,664	351,528
Adjustment of acquisition prices for takeovers	(6,262)	8,091	-	-	1,829
Adjusted cost at 1 May 2003	150,746	154,012	39,935	8,664	353,357
Additions	-	188	363	7,930	8,481
Disposals	-	-	-	-	-
Cost at 31 Dec. 2003	150,746	154,200	40,298	16,594	361,838
Amortisation and writedowns at 1 May 2003	25,329	26,204	27,320	7,363	86,216
Amortisation	4,100	6,677	3,545	3,376	17,698
Disposals	-	-	-	-	-
Amortisation and writedowns at 31 Dec. 2003	29,429	32,881	30,865	10,739	103,914
Net book value at 31 Dec. 2003	**121,317**	**121,319**	**9,433**	**5,855**	**257,924**
Adjusted book value at 1 May 2003	125,417	127,808	12,615	1,301	267,141

Note 12 Tangible fixed assets

	GROUP			
DKK ´000	Land and buildings	Technical installations, operating and other equipment	Assets in course of construction	Total
Cost at 1 May 2003	12,600	306,251	364	319,215
Additions	371	20,696	2,165	23,232
Disposals	793	49,228	232	50,253
Cost at 31 Dec. 2003	12,178	277,719	2,297	292,194
Depreciation and writedowns at 1 May 2003	2,097	181,143	-	183,240
Depreciation and writedowns	194	28,111	-	28,305
Disposals	14	46,409	-	46,423
Depreciation and writedowns at 31 Dec. 2003	2,277	162,845	-	165,122
Net book value at 31 Dec. 2003	**9,901**	**114,874**	**2,297**	**127,072**

At 1 January 2002, the official valuation of Danish properties with a net book value of DKK 6,384 thousand amounted to DKK 8,220 thousand.

	PARENT COMPANY			
DKK ´000	Land and buildings	Technical installations, operating and other equipment	Assets in course of construction	Total
Cost at 1 May 2003	5,011	213,604	-	218,615
Additions	232	9,485	1,561	11,278
Disposals	-	42,237	-	42,237
Cost at 31 Dec. 2003	5,243	180,852	1,561	187,656
Depreciation and writedowns at 1 May 2003	861	123,648	-	124,509
Depreciation and writedowns	80	17,097	-	17,177
Disposals	-	41,924	-	41,924
Depreciation and writedowns at 31 Dec. 2003	941	98,821	-	99,762
Net book value at 31 Dec. 2003	**4,302**	**82,031**	**1,561**	**87,894**

At 1 January 2002, the official valuation of Danish properties with a net book value of DKK 4,150 thousand amounted to DKK 4,580 thousand.

Note 13 Fixed asset investments

	GROUP		
DKK ´000	Investments in associated undertakings	Other investments and participating interests	Total
Cost at 1 May 2003	8,047	19,887	27,934
Additions	2,025	325	2,350
Disposals	2,258	13,947	16,205
Cost at 31 Dec. 2003	7,814	6,265	14,079
Revaluations at 1 May 2003	1,130	24	1,154
Additions	-	-	-
Disposals	225	-	225
Revaluations at 31 Dec. 2003	905	24	929
Writedowns at 1 May 2003	777	6,689	7,466
Additions	464	3	467
Disposals	-	6,142	6,142
Writedowns at 31 Dec. 2003	1,241	550	1,791
Book value at 31 Dec. 2003	**7,478**	**5,739**	**13,217**

	PARENT COMPANY				
DKK ´000	Investments in subsidiaries	Investments in associerede associated companies	Loans to subsidiaries	Investments and participating interests	Total
Cost at 1 May 2003	101,795	2,022	9,147	809	113,773
Additions	1,634	-	18,112	-	19,746
Disposals	-	878	3,858	-	4,736
Cost at 31 Dec. 2003	103,429	1,144	23,401	809	128,783
Revaluations at 1 May 2003	19,553	1,130	-	24	20,707
Additions	6,172	-	-	-	6,172
Disposals	1,276	225	-	-	1,501
Revaluations at 31 Dec. 2003	24,449	905	-	24	25,378
Writedowns at 1 May 2003	29,921	777	-	540	31,238
Additions	2,986	83	-	-	3,069
Disposals	869	-	-	-	869
Writedowns at 31 Dec. 2003	32,038	860	-	540	33,438
Book value at 31 Dec. 2003	**95,840**	**1,189**	**23,401**	**293**	**120,723**

Note 14 Work in progress, net

PARENT COMPANY			GROUP	
30 april 2003	31 dec. 2003	DKK ´000	31 dec. 2003	30 april 2003
1,884,755	1,775,326	Work in progress, direct expenses	2,174,605	2,418,728
821,711	677,183	Addition for indirect expenses and interim profit from on-account payments	788,203	981,324
2,706,466	2,452,509	Work in progress, gross	2,962,808	3,400,052
(2,524,241)	(2,271,447)	Amounts invoiced on account	(2,729,822)	(3,159,172)
182,225	181,062	**Work in progress, net**	232,986	240,880
		Broken down as follows on domestic and foreign projects:		
94,906	79,668	Domestic projects	79,668	94,906
87,319	101,394	Foreign projects	153,318	145,974
182,225	181,062		232,986	240,880

Note 15 Net pension assets and net pension benefit obligations

The COWI Group's Norwegian subsidiaries have arranged defined benefit plans for their employees. In 2002/03, this comprised the Interconsult ASA group and Hjellnes COWI AS.

	31 dec. 2003	30 april 2003
Number of people covered by the benefit plan		
Active staff	665	691
Retired staff	62	69
Total number of people covered by the benefit plan	**727**	**760**
Net pension assets and pension benefit obligations		
Estimated pension benefit obligations at 31 Dec. (30 April)	169,266	202,329
Plan assets at 31 Dec. (30 April)	137,083	133,050
Estimated fair value, net obligations as at 31 Dec. (30 April)	32,183	69,279
Estimate/plan changes not recognised in the profit and loss account at the time of takeover	(85,069)	(85,069)
Estimate/plan changes at the time of takeover amortised in connection with retirement	7,422	-
Estimate/plan changes at the time of takeover amortised during the time of ownership	4,646	1,401
Foreign exchange adjustments of estimate/plan changes at the time of takeover	11,196	5,827
Estimate/plan changes not recognised in the profit and loss account during the time of ownership	2,503	(13,397)
Net plan assets and obligations at 31 Dec. (30 April)	(27,119)	(21,959)

Note 15 Net pension assets and net pension benefit obligations (cont.)

entered in the balance sheet as follows:

Net pension assets as 31 Dec. (30 April)	**28,734**	**25,129**
Net pension benefit obligations at 31 Dec. (30 April)	**(1,615)**	**(3,170)**
	27,119	21,959

Specification of net pension benefit obligations recognised in the profit and loss account:

Pension earnings during the year	7,748	6,227
Interest expenses on accrued benefit obligations	6,214	4,580
Expected return on plan assets	(6,234)	(3,893)
Estimate and plan changes recognised in the profit and loss account	3,352	1,548
Other changes in benefit obligations	-	(74)
Total benefit obligations recognised in the profit and loss account at 31 Dec. (30 April)	11,080	8,388

Benefit calculations are based on the following financial assumptions:

Discount rate	6.0%	6.0%
Expected return	7.0%	7.0%
Salary adjustments	3.5%	4.0%
Long-term health regulation	3.3%	3.3%
Pension adjustments	2.5%	2.5%
Expected voluntary redundancy before 40 years of age	4.0%	4.0%
Expected voluntary redundancy after 40 years of age	2.0%	2.0%
Discount rate applied at 31 Dec. (30 April)	6.0%	6.0%

Estimate changes and fluctuations are amortised over the expected remaining pension earnings period to the extent that they exceed ten per cent of the higher of benefit obligations and plan assets (corridor). Both in the Parent Company and the Group, plan changes are amortised over the expected remaining pension earnings time (non-corridor approach).

Both in the Parent Company and the Group, over-funding is made probable by the cash value of the total benefit obligation (accrued and future) exceeding the value of the plan assets.

In previous years, COWI A/S has approved defined benefit plans for a number of former and present members of Management. The net present value of these may be specified as follows:

Benefit obligations to present members of Management	9,915	9,600
Benefit obligations to former members of Management	17,085	18,400
Benefit obligations in COWI A/S	27,000	28,000

Benefit calculations are based on the following financial assumptions:

Basis of determination	G-82	G-82
Interest rate	4.5%	4.5%
Furture wage regulation rate	2.5%	2.5%

Note 16 Prepayments

PARENT COMPANY			GROUP	
30 april 2003	**31 dec. 2003**	**DKK ´000**	**31 dec. 2003**	**30 april 2003**
6,819	2,081	Insurance premiums	2,747	10,421
2,831	17,099	Rent	17,601	8,885
31,294	20,963	Other	22,479	26,134
40,944	40,143	**Prepayments**	42,827	45,440

Note 17 Own shares

	PARENT COMPANY		
DKK ´000	**Share of shareholders' funds**	**Nominal share-holding**	**Acquisition price**
Cost at 1 May	0.6%	222	1,900
Acquisitions for the year	0.6%	210	2,425
Disposals during year	1.2%	432	4,325
Shareholding at 31 Dec.	-	-	-

Note 18 Current asset investments

	PARENT COMPANY	
DKK ´000	**31 dec 2003**	**30 april 2003**
Shares	38,499	29,653
Bonds	113,776	113,982
Portfolio at 31 Dec. (30 April)	152,275	143,635

Note 19 Shareholders' funds

The share capital consists of:

		2003 DKK ´000
A shares:		
2 shares of each DKK	1,000	2
1 share of DKK	2,998,000	2,998
1 share of DKK	7,000,000	7,000
1 share of DKK	10,000,000	10,000
		20,000
B shares:		
147,500 shares of each DKK 100		14,750
		14,750

Each A share of DKK 100 carries 10 votes whereas each B share of DKK 100 carries 1 vote.

Note 20 Minority interests

DKK ´000	GROUP 31 dec. 2003	30 april 2003
Minority interests at 1 May	15,507	11,655
Disposals and additions	(2,278)	3,493
Share of profit for the year	2,927	1,725
Exchange adjustment	(847)	(1,366)
Minority interests at 31 Dec. (30 April)	15,309	15,507

Note 21 Deferred tax

PARENT COMPANY				GROUP	
30 april 2003	31 dec. 2003	DKK ´000	Note	31 dec. 2003	30 april 2003
145,130	153,780	Deferred tax at 1 May		117,902	147,723
(5,198)	2,460	Reversal concerning previous years		2,460	(5,198)
13,848	4,194	Deferred tax for the year		6,150	15,536
-	(10,506)	Transferred from subsidiaries		-	-
-	-	Addition on acquisition of group company		-	(40,159)
153,780	149,928			126,512	117,902
		Recognised in the Annual Report:			
-	-	**Tax asset**		25,980	24,304
153,780	149,928	**Deferred tax**		152,492	142,206
153,780	149,928			126,512	117,902
		Tax asset concerns:			
-	-	Tangible fixed assets		(4,108)	(4,473)
-	-	Fixed asset investments		-	1
-	-	Current assets		926	(882)
-	-	Provisions		493	(8,018)
-	-	Debts		(452)	4,112
-	-	Tax-loss carryforwards		29,121	33,564
-	-			25,980	24,304
		Deferred tax concerns:			
(2,606)	(2,203)	Intangible fixed assets		(2,201)	(2,606)
(5,350)	(9,191)	Tangible fixed assets		(8,955)	(4,629)
691	245	Fixed asset investments		245	691
187,206	173,106	Current assets		175,432	188,886
(8,400)	(12,029)	Provisions		(12,029)	91
(2,400)	-	Debts		-	(2,471)
(15,361)	-	Tax-loss carryforwards		-	(37,756)
153,780	149,928			152,492	142,206

Note 22 Other provisions

PARENT COMPANY			GROUP	
30 april 2003	**31 dec. 2003**	**DKK ´000**	**31 dec 2003**	**30 april 2003**
-	-	Guarantees at 1 May	7,582	1,729
-	-	Adjustment for the year	19,708	5,853
-	-	Guarantees	27,290	7,582
4,363	2,375	Other provisions	2,375	27,569
4,363	2,375	**Other provisions at 31 Dec. (30 April)**	29,665	35,151

Note 23 Long-term debt

PARENT COMPANY			GROUP	
30 april 2003	**31 dec. 2003**	**DKK ´000**	**31 dec 2003**	**30. april 2003**
2,407	1,877	Long-term debt falling due after more than 5 years	3,117	4,278
9,482	7,532	Long-term debt falling due between 1 and 5 years	21,825	34,280
11,889	9,409	**Long-term debt at 31 Dec. (30 April)**	24,942	38,558

Note 24 Amounts invoiced in advance

PARENT COMPANY			GROUP	
30 april 2003	**31 dec. 2003**	**DKK ´000**	**31 dec 2003**	**30 april 2003**
		Broken down as follows between domestic and foreign projects		
103,042	113,013	Domestic projects	113,013	103,042
229,710	226,694	Foreign projects	224,214	220,130
332,752	339,707	**Amounts invoiced in advance**	337,227	323,172

Note 25 Contingent liabilities, commitments and guarantees

PARENT COMPANY			GROUP	
30 april 2003	31 dec. 2003	DKK ´000	31. dec. 2003	30. april 2003
		Contingent liabilities		
2,094	1,469	Lease commitments (operating leases) expiring within 5 years with a total of	16,327	25,371
356,286	327,539	Rental commitments in the period of termination	609,784	657,310
453,459	535,294	Recourse guarantees and performance bonds	539,528	457,689
23,035	22,507	Other guarantees and charges	52,981	28,508

The Group's Danish companies are jointly and severally liable for tax on Group income subject to joint taxation.

By virtue of its business operations, the COWI Group is a party to legal disputes that can be expected in the course of its business operations. In the opinion of Management, no material liabilities are incumbent on the Company as a consequence of this.

Current restructuring expenses are charged to the profit and loss account as incurred.

COWI A/S has entered into a number of joint ventures and in this connection COWI A/S is liable for any joint liabilities. At the end of the financial year, the liabilities in joint ventures of which COWI is a lead-partner amounted to DKK 39 million.

Guarantees

The following assets have been provided as guarantees to credit institutions:

PARENT COMPANY 30 april 2003	PARENT COMPANY 31 dec. 2003	DKK ´000	GROUP 31. dec. 2003	GROUP 30. april 2003
14,821	12,357	Technical installations, operating and other equipment at a net book value of	48,271	111,555
-	-	Account receivable, services at a book value of	51,772	-

Furthermore, COWI A/S has a total guarantee facility of DKK 668 million, of which DKK 535 million had been spent by 31 December 2003 on performance bonds relative to projects in progress.

Note 26 Related party transactions

The COWI FOUNDATION owns all A shares in the Company and exercises a controlling influence on the Company. The COWI FOUNDATION does not carry on any independent business, and no material transactions are conducted between the Foundation and the Company. No transactions with other related parties are conducted.

Note 27 Board of Directors and Executive Management

The Company's directors and members of Executive Management own the following nominal shareholdings in COWI A/S and, at the end of the financial year, held the following directorships and executive functions in companies other than consolidated COWI companies:

Board of Directors	Directorships and executive functions in other companies	Shares in COWI A/S, nom. holdings
Ole Steen Andersen, Chairman	Danfoss A/S (M), Sauer-Danfoss Inc. (MB), Danfoss Murmann Holding A/S (MB)	-
Vagn Jensen, Vice Chairman		17,900
Henrik Gürtler	Novo A/S (MD), Novozymes A/S (CB), Center for Ledelse (CB), Københavns Lufthavne A/S (MB), Brdr. Hartmanns Fond (MB)	-
Niels Christian Nielsen	Danske Bank A/S (MB), Grundfos A/S (MB), Otto Mønsted A/S (MB), Oticon-Fonden (MB)	-
Jette Wigand Knudsen		-
Anders Thyge Egeberg		900
Berit Bankel *		3,500
Henriette R. Bundgaard *		2,100
Lars Rosholm *		6,600
Executive Management		
Klaus H. Ostenfeld, Managing Director, CEO		17,900
Keld Sørensen, Financial Director, CFO		1,300
Knud Østergaard Hansen, Executive Director, Danish Operations		17,900
Henning H. Therkelsen, Executive Director, International Operations		17,900

(CB) = Chairman of the Board of Directors

(MB) = Member of the Board of Directors

(MD) = Managing Director

(M) = Manager

*) Staff representatives

Note 28 Cash and cash equivalents

	GROUP	
DKK ´000	**31 dec. 2003**	**30 april 2003**
Cash and cash equivalents at 31 December (30 April) include:		
Securities	152,275	143,635
Cash at bank and in hand	97,923	75,356
Cash and cash equivalents 31 Dec. (30 April)	250,198	218,991
Committed undrawn credit facilities at 31 December (30 April) not including guarantee facilities	287,000	231,000
Financial resources at 31 Dec. (30 April)	**537,198**	**449,991**

Intellectual Capital Report

RESOURCES

		Budget 2004	2003	Accounts 02/03	Accounts 01/02
CLIENTS & MARKETS					
1	Public clients		47%	45%	46%
2	Semi-public clients		9%	14%	15%
3	Private clients	↑	34%	31%	27%
4	Other clients		10%	10%	11%
5	Number of clients		1,494	1,622	1,438
6	Projects abroad		34%	29%	29%
7	Clients abroad		17%	15%	16%
ORGANISATION					
13	Professional networks, number (*)		56	49	45
14	Staff participating in professional networks (*)	↑ ↑	22%	20%	15%
15	Best practices on the Intranet, number (*)		965	964	894
16	Projects/employee, number		14	17	18
17	Ongoing projects, number		5,016	5.774	5.410
18	Average turnover/project (DKK '000)		1,148	1.157	1.030
STAFF					
29	Number of employees		1,960	1.972	1.643
30	Average age	↓	44.0	43.6	42.5
31	Length of education, year		6.2	6.4	6.6
32	Length of education, written down, year		4.1	4.3	4.5
33	Employees with highest education (PhD, etc)		4.0%	4.1%	4.7%
34	Higher education; technical		52%	52%	55%
35	Higher education; natural sciences		5%	5%	5%
36	Higher education; social sciences		9%	9%	9%
37	Other higher education		5%	4%	4%
38	Work experience, year		16.2	15.4	16.1
39	Seniority in COWI, year		10.1	9.7	9.7
40	Project management capacity, all projects		59%	58%	61%
41	Project management capacity, major projects		36%	35%	37%
42	Project management capacity, international projects		25%	24%	26%

PROCESSES

		Budget 2004	2003	Accounts 02/03	Accounts 00/01
CLIENTS & MARKETS					
8	Lectures/100 employees, number (**)		17	13	10
9	Professional publications/100 employees, number (**)		12	10	11
10	Client inflow (**)		13%	32%	16%
11	Client outflow (**)		21%	19%	19%
ORGANISATION					
19	Inter-disc. cooperation; technical		16%	18%	16%
20	Inter-disc. cooperation; natural sciences		51%	55%	51%
21	Inter-disc. cooperation; social sciences		46%	46%	45%
22	Trade within COWI Group (*)		12.9%	6.4%	3.5%
23	Staff exchange with COWI Group	↑	0.5%	0.6%	0.7%
24	Long-term postings	↑	7.9%	6.4%	2.8%
25	Development activity, externally financed		5.8%	5.9%	6.5%
26	Development activity, internally financed		0.9%	0.9%	1.2%
STAFF					
43	International travelling experience in COWI	↑	22%	21%	28%
44	Supplementary education (*)		0.6%	0.6%	0.8%
45	Staff inflow (**)		12%	31%	17%
46	Staff outflow (**)		12%	11%	13%
47	Travel abroad		6.0%	6.0%	6.3%

Clients and market

1-4 Share of year's project manhour costs by client category. 'Other clients' includes international organisations, joint ventures, etc.

5 Number of clients in the year with independent organisational status—own CVR number (DK) or VAT number (abroad).

6 Share of year's project manhour costs used on projects with location/recipient outside Denmark.

7 Share of year's manhour costs used on projects for clients abroad.

8 Number of external lectures per 100 employees held during the year.

9 Number of publications available to the public per 100 employees recorded during the year.

10 Share of new clients for the year—either brand new or former clients for whom COWI did not work in 2001/2002. The number is related to the number of clients as per end of 2000/2001.

11 Share of clients from 2001/2002 for whom COWI has not worked this year. (Note 10).

12 Number of media exposures (in millions) in the year. The indicator is the sum of the number of readers/listeners/viewers of COWI references in printed and electronic media, including TV and radio programmes but excluding advertising material. Based on summaries from Gallup and Infopaq.

Organisation

13 Number of registered internal professional networks at corporate or divisional level.

14 Share of employees participating in one or more registered internal professional networks.

15 Number of 'best practices' accessible on COWI's intranet.

16 Average number of active external projects an employee has worked on in the year.

17 Number of active ongoing external projects.

18 Average budgeted fee (in DKK 1,000) per project —excl. VAT and reimbursements. Based on active projects in the year.

19 Average share of project activity by economists, biologists, etc. on projects with participation of staff with technical education.

20 Average share of project activity by economists, engineers, etc. on projects with participation of staff with natural sciences education.

21 Average share of project activity by engineers, biologists, etc. on projects with participation of staff with social sciences education.

22 Share of COWI Group's total turnover invoiced from or to foreign subsidiaries in the Group. Most trade within the COWI Group is done with Kampsax and subsidiaries. Apart from this, trade was 2.3% in 2002/2003 and 3.2 % in 2003.

23 Share of employees posted to foreign subsidiaries in the COWI Group or vice versa.

24 Share of employees with long-term postings to foreign subsidiaries in the COWI Group, permanent COWI offices abroad or project offices abroad.

25-26 Overall development activity on external and internal projects compared to total project activity.

27 Number of internal and external quality audits per 100 employees.

28 Share of turnover used for correcting external errors and omissions in the year—that is errors and omissions discovered after project approval.

RESULTS

	Budget 2004	2003	Accounts 02/03	01/02
12 Media exposure, millions number (**)		120	149	110
27 QA audits completed/100 employees, no. (**)		4,1	2.3	5.7
28 Costs attributable to external faults (**)		0,1%	0.4%	0.1%
48 Staff satisfaction index (*)		n/a	67,7%	n/a
49 Sick leave		2,2%	2.5%	2.7%
50 Staff owning COWI shares (*)	↑	46%	48%	62%
51 Engineering students' preferred place of work, no. (*)	2/1	n/a	3/2	5/1
52 Business students' preferred place of work, no. (*)	20/7	n/a	30/9	36/11

Staff

29-30 Number of employees and their average age.

31 Average official length of education since secondary school.

32 Average official length of education written down to 50% of initial value after 35 years.

33 Share of employees with highest level of education—PhD, doctorate or MBA/MPA in addition to masters degrees.

34-37 Share of employees with higher education in technical disciplines, natural sciences or social sciences as well as other higher educations (BSc or MSc).

38 Average employee work experience since end of main education.

39 Average staff seniority in COWI.

40 Share of employees with project management experience in COWI.

41 Share of employees with project management experience in COWI projects with a value greater than DKK 1 million.

42 Share of employees with project management experience on international COWI projects.

43 Average foreign travel experience since being employed by COWI. 100% is reached at 200 travel days.

44 Share of supplementary education activity (courses, conferences, etc.) of total fixed working hours.

45-46 Inflow and outflow of employees in the year compared to number of employees by end previous reporting year, incl. part-time staff.

47 Share of fixed working hours used on travel days abroad. Basis: 220 fixed working days per full-time employee per year.

48 Staff satisfaction index based on weighted average of answers in staff survey. The index was reached by weighting satisfaction against importance of a particular issue. In 1999/2000 and this year, the satisfaction index was not measured. In 2000/2001, the satisfaction index was 68%.

49 Share of sick leave of the total fixed working hours. Maternity leave and child's first day of illness not included.

50 Share of current staff owning COWI shares.

51 COWI's ranking by engineering students as preferred workplace according to Universum survey. No. overall/consultants.

52 COWI's ranking by students at business colleges and social sciences as preferred workplace according to Universum survey. No. overall/consultants.

General

A. Unless otherwise specified, figures are as per end of accounts period.

B. Units are given in tables, with name of indicator or in the specific indicator note.

C. Arrow annotations in the budget column for 2004 indicate desired trend for future developments.

Accounting policy

D. The Intellectual Capital Report is for the parent company COWI A/S.

E. The accounts period follows the financial year—1 May to 31 December.

F. The accounts period is 8 months. To facilitate comparison with the figures from previous 12-month accounts periods, a number of indicators—marked (**)—have been extrapolated with factor 1.5.

G. The ICR has the same structure as in 2002/2003—i.e. by legal units: staff, client and company. Included thereafter are what we have (resources), what we do (processes) and the effect of what has been done (results).

H. All clients, projects and staff with a contractual relationship with COWI are included, irrespective of geographical location or form of contract.

I. Apart from those marked (*), indicators are based on transaction information on clients, projects and staff in COWI's central administrative systems.

J. Several indicators have been adjusted and/or redefined compared to 2002/2003. To enable comparison, these indicators have been re-calculated for both 2001/2002 and 2002/2003. Exceptions to this are stated in the relevant notes.

K. Data is collected and consolidated for a period after the end of the account year, whereafter the ICR is closed. The last indicators are from 24 February 2004.

L. The ICR includes items posted after closing in account year 2002/2003. Transactions for 2003 that were not received before end of consolidation period will be posted in 2004.

M. The data basis is consistent with the financial accounts.

N. The ICR published externally is consistent with the internal ICR at department, division and company level.

O. The ICR has not been audited externally. All definitions, calculations and results are documented for administrative use.

(*) See note I
(**) see note F

COWI worldwide

COWI's offices in Denmark

COWI's offices abroad

COWI services

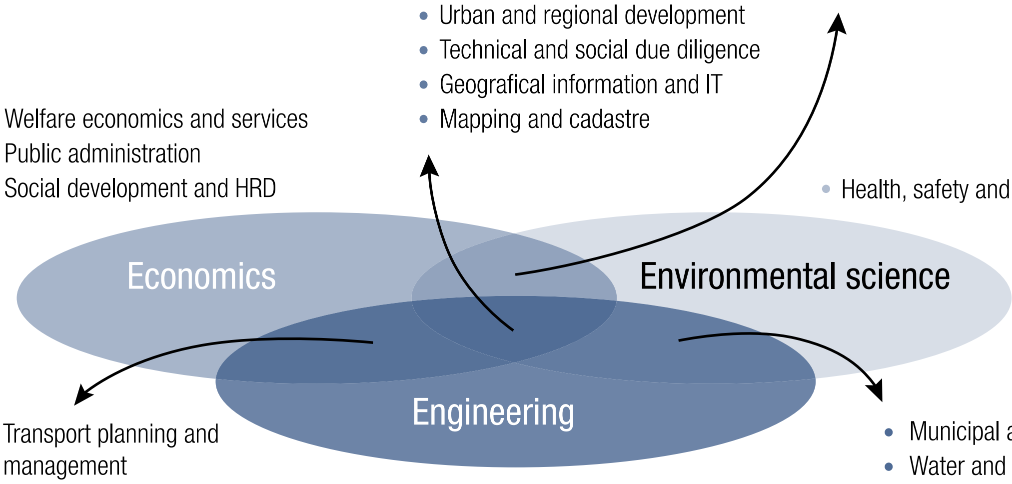
COWI has three service lines. Our consultancy services comprise 29 main areas, from classical engineering , through environmental science to modern economic analyses. A living and vibrant consultancy environment where cross-disciplinary abilities are fundamental.

- Environmental policy and regulation
- Natural ressources management

- Development assistance
- Urban and regional development
- Technical and social due diligence
- Geografical information and IT
- Mapping and cadastre

- Welfare economics and services
- Public administration
- Social development and HRD

- Health, safety and environment



- Transport planning and management
- Energy planning and management

- Residential buildings
- Educational and health buildings
- Cultural and sports buildings
- Industrial and commercial buildings
- Roads
- Airports

- Railways and metro
- Tunnels
- Bridges
- Marine and geotechnical engineering
- Telecommunications

- Municipal and hazardous waste
- Water and wastewater
- Industry
- Energy systems
- Oil and Gas