COWIannualreport

2005

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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 3300 employees are leaders within theirs.

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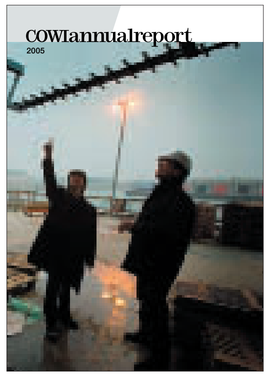


The Royal Theatre's new Playhouse at the end of Kvæsthusbroen landing stage in Copenhagen is beginning to take shape. Nikolaj Jensen, Technical Director at the Royal Theatre, and Kim Bundgaard, Project Manager at COWI, will be able to look across from the future foyer to the Opera on Holmen. Hovering overhead are steel girders 85 m in length, which will carry the top storey of the Playhouse.

Content

Annual Report 2005

Consultants with respect for cultural differences

2005 was a year of celebration for COWI. We had our 75th anniversary, and saw progress in Denmark, Norway and internationally due to the interesting challenges brought to us by our clients.

As far back as the 1940s COWI recognised the need for working internationally so that experience gained abroad could be fed into the consultancy services we provided at home and around the world, based on the very latest technology and know-how. Recognising this early on has been of invaluable importance in the development of our company.

International network

COWI's eager-to-learn, adventurous staff journeyed out into the world to undertake complex projects under distant skies. They brought home new knowledge, linguistic and cultural understanding, and contacts with international networks of experts, universities, companies—and personal friendships. Ever since, this concept has been the backbone of COWI's development into a leading and respected consultancy group.

A professional consultant needs to be impartial and have a basic respect for other cultures. We take our ethics and multicultural values with us when we go out into a conflict-filled world to accomplish often challenging assignments. This approach is in our opinion the best way to contribute to better understanding between people.

Professional innovation

It is therefore no coincidence that we with 64% of our activities outside Denmark and operations in more than 20 countries are respected by our colleagues and known for taking the initiative and responsibility for a major share of many innovations within a wide range of fields, including the major bridge projects in Denmark—now an integral part of Denmark's traffic infrastructure. The technologies applied here served to shift perceptions of "state-of-the-art" and were subsequently used by COWI in international projects. This led to COWI in 2005 being awarded the contract as main consultant for a project to build the world's by far largest suspension bridge across the Straits of Messina.

Key figures for the COWI Group	2001 DKKm	2002 DKKm	2003 DKKm	2004 DKKm	2005 DKKm	2005 EURm
Net turnover	1,632.0	2,016.4	2,605.3	2,594.3	2,676.5	358.8
Operating profit before amortisation, depreciation and impairment losses	103.3	108.3	113.6	156.1	191.4	25.7
Operating profit (EBIT)	61.6	54.2	32.9	90.8	117.1	15.7
Profit on ordinary activities before tax	60.9	53.8	40.4	96.7	136.7	18.3
COWI's share of the profit for the year	46.1	25.1	22.0	60.6	112.9	15.1
Balance sheet total	1,044.6	1,415.7	1,519.4	1,562.9	1,782.9	239.0
Shareholders' funds	383.2	385.1	390.3	446.1	555.1	74.4
Free cash flow	3.7	(84.9)	(15.5)	129.4	137.3	18.4
Operating margin	3.8%	2.7%	1.3%	3.5%	4.4%	
Equity ratio	36.7%	27.2%	25.7%	28.5%	31.1%	
Return on equity	12.7%	6.5%	5.7%	14.5%	22.6%	

Independent consultancy services

Nor is it a coincidence that COWI in recent years has become one of the leading consultants in Europe within modern international development planning. Here, too, an understanding of other people and good interaction with local cultures are a prerequisite for taking on assignments where technology must go hand in hand with training, education and institutional capacity building. The international development of society, which is dominated by multinational conglomerates with global activities, has led to a growing need for independent, cross-disciplinary consultancy services.

Cohesion and dialogue

But is the coming generation of consultants concerned with values and ethics? Do they share the same concerns for understanding between people? My answer is: Yes. We are currently employing many new colleagues. They are attracted to the opportunities in COWI to work professionally, holistically and internationally—and they have the urge to change the world for the better. They are professionals and good at connecting with people. They have what it takes to encourage cohesion and dialogue in an ever more closely interlinked world.

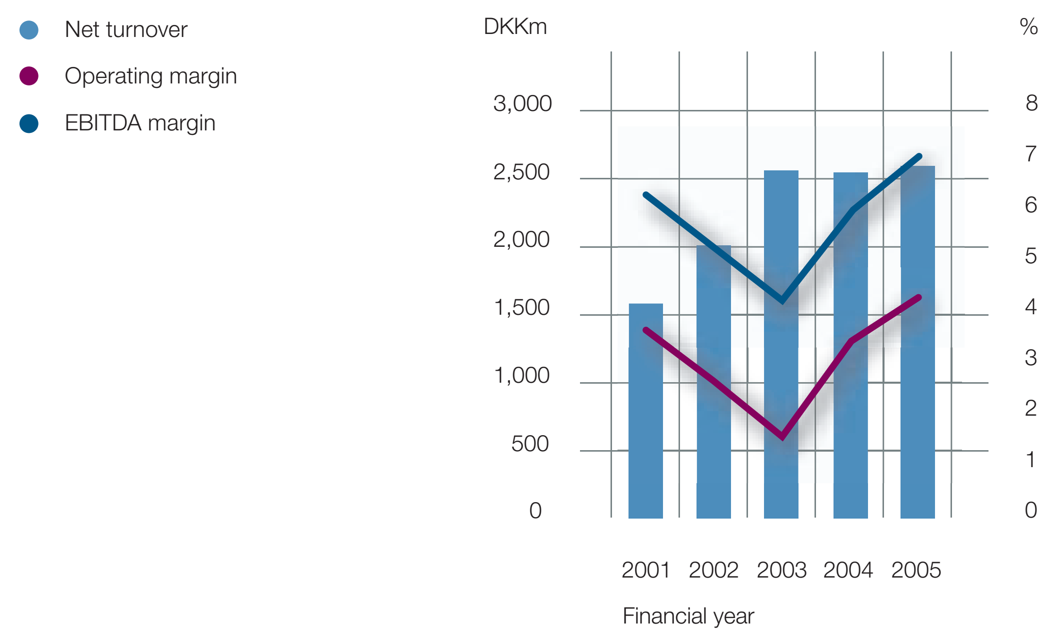
As we look to the future, I feel that COWI is better equipped than ever to take on the local and global challenges lying ahead.

Klaus H. Ostenfeld
President and CEO

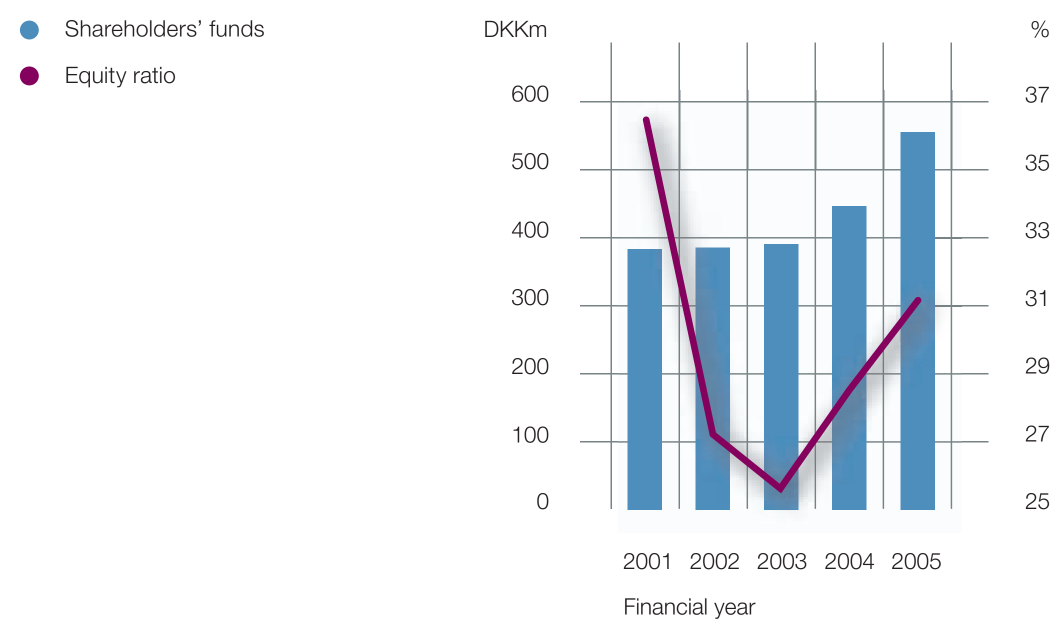
Group key figures and financial ratios

	2001 DKKm	2002 DKKm	2003 DKKm	2004 DKKm	2005 DKKm	2005 EURm
Key figures						
Amounts in DKKm						
EUR/DKK rate, 31 December 2005						746.05
Net turnover	**1,632.0**	**2,016.4**	**2,605.3**	**2,594.3**	**2,676.5**	**358.8**
Operating profit before amortisation, depreciation and impairment losses (EBITDA)	103.3	108.3	113.6	156.1	191.4	25.7
Operating profit (EBIT)	60.6	59.6	33.9	91.3	114.3	15.3
Profit on ordinary activities after tax	**61.6**	**54.2**	**32.9**	**90.8**	**117.1**	**15.7**
Net financials	(0.7)	(0.5)	7.6	5.9	19.6	2.6
Profit on ordinary activities before tax	**60.9**	**53.8**	**40.4**	**96.7**	**136.7**	**18.3**
Profit on ordinary activities after tax	49.2	28.0	24.7	62.4	114.8	15.4
COWI's share of profit for the year	**46.1**	**25.1**	**22.0**	**60.6**	**112.9**	**15.1**
Group goodwill	13.0	147.7	242.6	228.9	229.9	30.8
Other fixed assets	113.2	140.1	158.6	144.2	154.4	20.7
Current assets	918.4	1,127.9	1,118.2	1,189.8	1,398.6	187.5
Total assets	**1,044.6**	**1,415.7**	**1,519.4**	**1,562.9**	**1,782.9**	**239.0**
Share capital	34.8	34.8	34.8	34.8	34.8	4.7
Shareholders' funds	**383.2**	**385.1**	**390.3**	**446.1**	**555.1**	**74.4**
Provisions	171.6	218.2	221.1	245.4	263.3	35.3
Long-term debt	3.3	20.3	24.9	14.4	11.0	1.5
Short-term debt	478.5	776.5	867.7	846.1	940.6	126.1
Cash flow from operating activities	46.4	130.6	174.5	167.1	208.8	28.0
Investment in tangible fixed assets, net	(11.5)	(64.7)	(39.4)	(25.5)	(40.7)	(5.5)
Other investments, net	(31.2)	(150.8)	(150.6)	(12.2)	(30.8)	(4.1)
Cash flow from investing activities, net	(42.8)	(215.5)	(190.0)	(37.7)	(71.5)	(9.6)
Free cash flow	**3.7**	**(84.9)**	**(15.5)**	**129.4**	**137.3**	**18.4**
Cash flow from financing activities	7.9	58.1	(30.2)	(58.8)	(35.6)	(4.8)
Total cash flows	**11.6**	**(26.8)**	**(45.7)**	**70.7**	**101.7**	**13.6**
Financial ratios						
EBITDA margin	6.3%	5.4%	4.4%	6.0%	7.2%	
Operating margin (EBIT margin)	3.8%	2.7%	1.3%	3.5%	4.4%	
Return on invested capital	5.1%	7.6%	3.6%	10.5%	12.7%	
Equity ratio	36.7%	27.2%	25.7%	28.5%	31.1%	
Return on equity	12.7%	6.5%	5.7%	14.5%	22.6%	
Average number of employees	**2,175**	**2,850**	**3,448**	**3,364**	**3,308**	

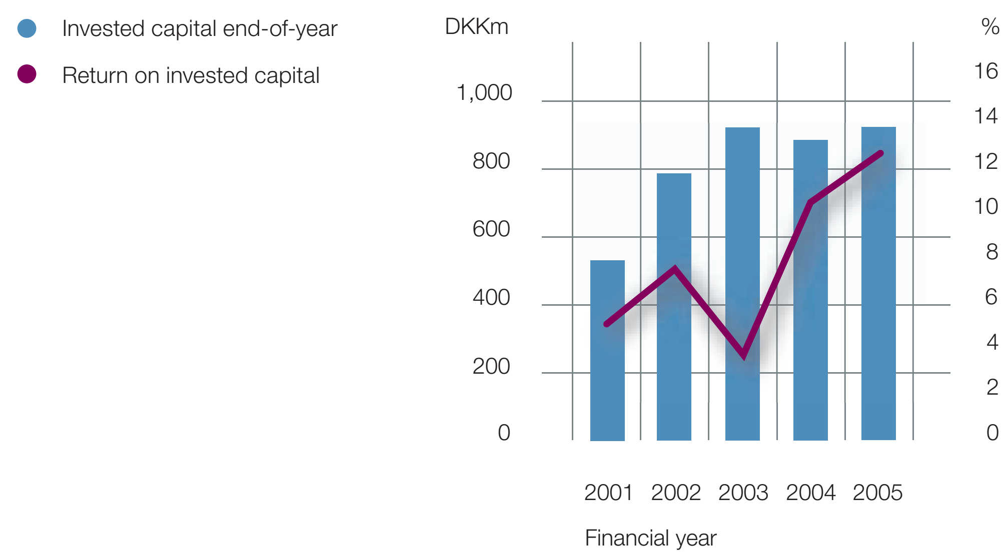
Development in net turnover, operating margin and EBITDA margin



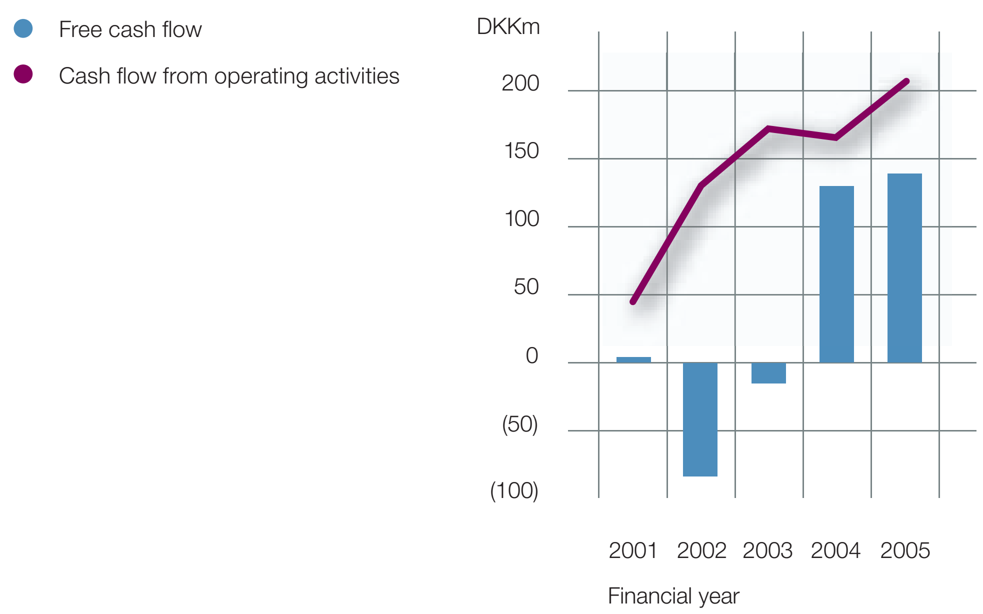
Development in shareholders' funds and equity ratio



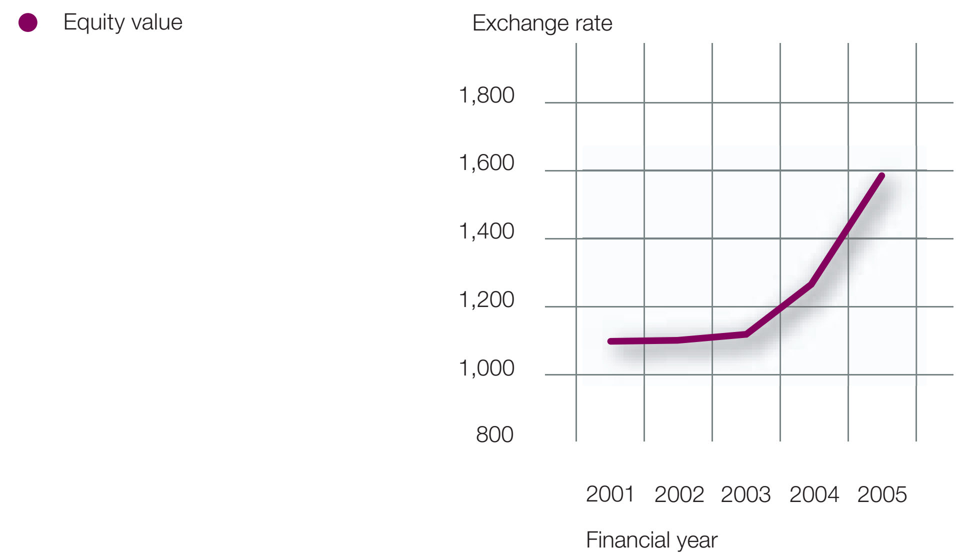
Development in return on invested capital and invested capital end-of-year



Development in cash flow



Development in equity value



Development in operating profit and number of employees

COWI's Executive Board from left: Klaus H. Ostenfeld, President, CEO, Henning Therkelsen, Executive Vice President, COO International, Lars-Peter Søbye, Executive Vice President, COO Denmark and Keld Sørensen, Executive Vice President, Finance, CFO.

Management's review

Results for the year

In 2005, the COWI Group's turnover came to DKK 2,676.5 million, showing growth of DKK 82.2 million or 3.2% compared with 2004. The Group's own production increased 5.9%.

2005 generally experienced good economic trends with sound demand for COWI's services. Consequently, the growth in turnover increased in a number of markets. The earnings growth stems particularly from the international markets within the business areas of Nature and Environment as well as Transport and Buildings.

Operating profit came to DKK 117.1 million, a DKK 26.2 million or 28.9% improvement on last year.

Profit before tax amounted to DKK 136.7 million, showing growth of DKK 40.0 million on last year, equivalent to 41.3%. Profit for the year, after tax and profit attributable to minority interests, came to DKK 112.9 million, an improvement of DKK 52.3 million that corresponds to an increase of 86.3% compared with 2004.

In 2005, COWI has continued the positive earnings development from 2004, mainly because of increasing earnings in the Norwegian market and, domestically as well as internationally, within the business area of Economics and Management, and internationally within Bridge and Marine Structures. Together with reduced costs for business support, positive value and foreign exchange adjustments contributed to the improved results.

In 2005, COWI's operating margin increased from 3.5% to 4.4% signifying yet another step towards our target for an operating margin of 5-6%. COWI's performance, which we consider satisfactory, is in line with expectations.

The Board of Directors recommends that a dividend of 15% be distributed with the remaining profit being carried forward to next year, which equals the dividend payout for 2004.

At the end of 2005, the COWI Group's headcount came to 3,322 employees against 3,294 at year-end 2004.

Significant events

Purchase of MUUSMANN A/S

In May 2005 COWI acquired the consultancy company MUUSMANN A/S Research & Consulting. The company forms an independent company under COWI's business unit Economics and Management.

By purchasing MUUSMANN, we have consolidated our position as a major consultant in the health and hospital sector, and in the central and local government sector generally. At the same time we have had our consultancy skill sets cemented within evaluation and analysis, organisation and leadership, economics and management as well as health-care economics, including health technology assessment and pharmaco-economics.

Two airports in Oman

In a joint venture with Larsen Architects, COWI won a contract as the main consultant on the construction of two new international airports in Oman. The consultancy contract includes all phases of the project.

The master plans include staged development of the airports from their current capacity. Seeb International Airport will be upgraded to 12 million passengers during the initial stage and subsequently to 48 million. Salalah Airport will be extended from 2 to 10 million passengers once the airport has been fully expanded.

The preliminary design was submitted at the start of 2006. The work of planning and designing is going on schedule. The project team is located in Seeb Airport and numbers 130 employees. The airports are scheduled for completion in 2010.

The world's largest suspension bridge

COWI is the main consultant to a consortium of top international companies that won the competition to build the world's largest suspension bridge across the Straits of Messina. Once again, therefore, we have carved a name for ourselves as one of the leading bridge consultants in the world.

The span of the bridge will be twice the size of the Great Belt Bridge, i.e. 3,300 metres. We will be in charge of the structural design and technical follow-up during the works.

Global framework contracts for the EU

In 2005 COWI consolidated its role as leader of a number of global or beneficiary framework contracts for the EU. Our position as a European consultant in the fields of transport, the environment, energy, regional development, macroeconomics and institutional development is the result of a focused effort to build operations internationally within these fields, particularly in Belgium through COWI's and Kampsax's activities in Brussels.

The companies are powerful centres of excellence in the management of framework contracts.

Good corporate governance

Throughout our history, COWI has been committed to developing professional management practices, and the Nørby Committee's set of recommendations for corporate governance has been a welcomed contribution to our efforts.

Although the Nørby Committee's recommendations are aimed primarily at listed companies, COWI's Board of Directors and Executive Management have chosen to take an active stance on the recommendations.

Consequently, during the last few years, COWI's Management has implemented a long range of amendments to the Company's Articles of Association and Rules of Procedure. Furthermore, we have launched new initiatives to enhance the Company's communication, transparency and responsibility in relation to clients, employees and shareholders.

Employees at COWI work on an average of 18 different projects a year.

During 2005, we introduced management evaluation that implies evaluation on an annual basis of the Board of Directors, the Executive Management and their inter-cooperation.

COWI's website presents our practices for good corporate governance compared with the recommendations of the Nørby Committee.

Market development

Denmark

COWI's level of activity and production on the Danish consultancy market was stable in 2005, with modest growth of two percent subject to geographical and market-related fluctuations. During the period under review the private sector showed a propensity to invest. Conversely, we were able to note that the public sector exercised restraint with investment in certain areas.

We have enjoyed a period of healthy development in residential and commercial construction, witnessing growth in project and site development, including the planning of new districts in old industrial and port areas, and in the development and beautification of urban spaces and public squares. We have also enjoyed progress in environmental consultancy, waste planning and energy consultancy, particularly in the domain of district heating, oil and gas, infrastructure assignments and management. In management we grew our market position impressively, and we now have the largest management services environment in Denmark

On top of a record year in 2004, turnover in industry fell to a normal level, although we are experiencing striking growth in IT and automation.

After a slightly hesitant start to the year, revolving mainly around assignments in organisational forms and structures and service level evaluations, we are able to note budding growth in consultancy for Danish local authorities as a result of the recent structural reform involving the reconfiguration of the local authorities. Here we are enjoying the benefit of our breadth, in that a local presence enables us to supply interdisciplinary consultancy packages able to cover the majority of the municipalities' needs. We are gratified to see the market's response to that professional breadth, from overarching urban area development plans, local plans and strategic environmental assessments including visualisations of environmental and geotechnical surveys, to traffic analyses, site development, detailed design and supervision.

The Danish turnover from COWI's six business areas breaks down as follows:

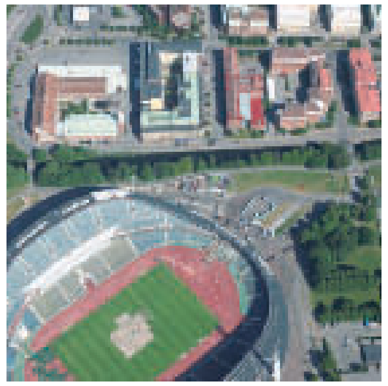
Denmark mDKK	**2004**	**2005**
Nature and Environment	112.4	130.7
Society and Economics	62.0	90.0
Transport	299.8	254.5
Buildings	246.7	268.6
Industry	158.1	115.6
Utilities and Energy	149.6	155.6
Other	11.7	4.0
Total	1040.3	1018.9
Elimination*	(99.3)	(58.9)
Total	**941.0**	**960.0**

*Intercompany sales and purchases

Significant projects in Denmark

Also this year, we have been working on a number of major Danish projects. Among the year's assignments the following are worthy of note:

- For the Municipality of Odense, COWI has analysed whether the local authority's environmental tasks are best performed as part of government services or whether they should be outsourced to others. This is being done in connection with the recent structural reform in which Odense, like many other local authorities, is having a series of new responsibilities transferred to it from the county authorities. In order to perform the project in Odense, a method has been devised for analysing tasks on the basis of criteria like quality, economy, policy and proximity to citizens. The analytical method can be used on several types of task. Other municipalities in Funen have already made use of the method.
- Great headway has been made on economic analyses within the transport sector. Where it was once the roads that were investigated most, analyses are now gaining ground in the field of railways. Economic analyses are now also a regular and integral part of the decision-making basis in rail operations. COWI carries out economic assessments of rail investments both in Denmark and abroad—in Denmark, for instance, as part of the strategic analysis of rail capacity extension between Copenhagen and Ringsted. In addition, COWI is in the process of developing a user-friendly spreadsheet tool for the Danish Ministry of Transport and Energy so that economic analyses can be performed consistently across sectors and projects.
- The new municipal structure and legislation laid down for public transport mean that each of the three regions west of the Great Belt will have to form one or more transport associations. The transport associations will cover all public transport with one joint ticketing system. That will make it possible to travel within an entire region on a single ticket, a system familiar from the Copenhagen area. COWI is currently carrying out analyses for Funen and Central Jutland, where there are no joint ticketing systems in existence at present. One of the aims is to study how to design the joint ticketing system, what the consequences will be and how to distribute the revenue. These tasks will be performed for the counties and for the associations of local authorities in the counties.
- In scenic Kaergaard Plantation near the North Sea, one of Denmark's largest toxic waste dumps is located. The contamination originates from the period from 1956 to 1973, when Grindstedvaerket legally dumped approximately 286,000 m³ wastewater in the area. For the Danish Environmental Protection Agency and Ribe County, COWI prepared a catalogue of possible technical solutions to the contamination situation. Subsequently, comprehensive investigations of the contamination were carried out. In that connection the extent of the contamination plume and the extent of the leakage to the sea were mapped. On the basis of COWI's work, the Danish Environmental Protection Agency and Ribe County will in 2006 make a decision on the further development.
- In 2005 COWI enjoyed an increase in demand for visual documentation of existing conditions on oil and gas production platforms. In 2005


COWI has taken 38,000 oblique photos of Gothenburg Municipality from the air. They can be used for visual documentation purposes.


The Samson barge crane is in the process of mounting steel girders on the Playhouse in Copenhagen.

Mærsk Olie og Gas AS used COWI's 3D laser scanning technology as an integral part of its own projects in the Dan and Gorm fields in the North Sea. Documentation of existing conditions on the platform installations can be done without interrupting the day-to-day work. At the same time, the 3D scan generates a detailed model of the installation. The technique is particularly well suited to surveying with a view to documenting a structure, industrial plants, production platforms, bridges and buildings, as well as assessing the possibilities and consequences of subsequent modifications.

- Extension of the North West railway line: COWI, in a joint venture, is conducting the preliminary technical investigations and the environmental impact assessment for the construction of a second rail track on the 20-km-long section between Lejre and Vipperød, for The National Rail Authority. Concurrently, the consequences of increasing the train's speed from the current 120 to 160 kilometres per hour are also investigated. One of the consequences is replacement of the existing road level crossings with underpasses and overpasses. The existing bridges are also to be rebuilt to create space for the second track. The investigations will result in a public hearing (EIA) and form the basis of a political decision on whether to approve the project.

In Vejle, Cerealia Danmark is constructing the most modern flour mill in Europe.

This year will see the first residents take up occupancy of a new district at Sluseholmen in Copenhagen's southern port area. A showhome is seen here.

- COWI is designing a new waterfront opposite the old mediaeval town in Aalborg, in co-operation with C.F. Møller Architects and Landscape Designer Vibeke Rønnow. The aim is to create consistency between the densely populated centre of Aalborg and the harbour area. Attractive urban areas are created in environmentally friendly, recreational and audience orientated surroundings. The dual carriageway along the harbour will be converted into a classic urban street with 2-laned traffic. The waterfront will also contain an archive for architect Jørn Utzon's works as well as Aalborg's new cultural centre. More than 130 million EUR will be invested in the new waterfront within the next 4-5 years.
- This May the first inhabitants of a new part of the city at Sluseholmen in Copenhagen's Sydhavn (southern port area) will take up residence. Eight artificial islands are being built here with 1,000 Dutch-inspired canal and quay houses in various sizes and colours, and with delightful views over the water. COWI is responsible for the environmental surveys on six of the artificial islands and for the design of all electricity, plumbing and construction works. Sjælsø Gruppen, JM Danmark and Nordicom are working in partnership to develop the area.
- COWI has been responsible for upgrading of computer room supply installations for several IT companies including DMdata and and the IT division of Danske Bank. Following the IBM acquisition in 2004 of Mærsk Data and consequently the subsidiary DMdata and Danske Bank's IT division, IBM invited COWI to be responsible for the design and supervision of establishing 1,400 m^2 new computer rooms at the IBM site in Ballerup, Denmark. The project comprises new electrical power supply facilities including 10/0.4 kV transformers, UPS and diesel generators, totalling 3,340 kVA. Cooling will be provided by existing chiller plants and new fan coil units in the computer rooms. The design is undertaken in close co-operation with an IBM design team and according to IBM company guidelines.

Norway

In Norway we operate through two subsidiaries:

COWI AS, Norway

COWI AS is one of the top multidisciplinary consultancy companies in Norway, with some 550 employees at home and abroad. The company has offices in 19 central urban locations and hubs. Norwegian activities revolve primarily around the sectors of waste and the environment, project administration, infrastructure, technical installations, client consultancy, and hydraulic and drainage engineering. The company concentrates particularly on further developing its extensive competence in building hospitals.

Following a major fire in the centre of Trondheim, a new and exciting development of wooden houses is emerging. COWI AS has been involved as consultant.

There has been great activity on the Norwegian building and civil engineering market, as has been reflected in increased turnover and an improvement in the operating profits. The company has achieved a number of important strategic goals. The financial goals have been realised with a good margin, and the most important areas of commitment to consolidating the specialist professional profile and client-mindedness have advanced a great step nearer the goal.

COWI AS has been involved in several of the biggest building and civil engineering projects in Norway—for instance, St Olav's Hospital in Trondheim, Akershus University Hospital (Nye Ahus) and restoration of Oslo's main boulevard, Karl Johan. Among other large-scale projects, the company is working to upgrade security at Oslo Airport, Gardermoen, designing a gas plant in western Norway and is involved in fishing projects in northern Norway. The company also has a variety of commissions internationally, including water supplies in Laos and Albania.

During the year COWI AS merged with the subsidiary Strand and Grindahl in order to integrate their specialist skills and expertise in Fredrikstad and Oslo. In addition, the company opened an office in Narvik. In order to further develop its professional standards in energy and environmental consultancy, COWI AS took over the energy and environmental consultancy firm DEMP in the autumn of 2005, while the year was rounded off with the purchase of the building and bridge design company Aadnesen a.s. This reputed company will be instrumental in positioning COWI on the Norwegian market.

Hjellnes COWI

The company Hjellnes COWI suffered a decline in turnover and earnings in relation to 2004. The cause is failing demand during the first half of the year and depreciation on individual major projects. The company's most important markets are in construction—especially hospitals, schools, university building, infrastructure and the environment.

Internationally

There was increased activity on our international markets in Northern Europe, the Arabian Gulf, and Central and Eastern Europe. International business is our term for the activity we carry out for clients outside of Denmark and Norway. International business includes activities carried out for local clients in the 20 countries where we currently have companies. These activities make up approx. 16 percent of the COWI Group's turnover. In addition, we have a large number of international projects being managed from Copenhagen, Oslo, Berlin or Brussels, often in collaboration with a local COWI office or some other local enterprise in order to ensure competitive and competent project groups.

We have been in a position to increase the proportion of projects carried out by local COWI companies. We are committed to shifting the business focus towards local clients in selected countries on the international market. International business includes both the supply of specialist services, typically managed from Denmark, and the local supply of interdisciplinary services.

The table below shows Norwegian and other international turnover broken down by COWI's six business areas:

International mDKK	**2004**	**2005**
Nature and Environment	155.8	216.1
Society and Economics	579.5	452.9
Transport	443.5	538.1
Buildings	306.9	343.2
Industry	86.8	85.3
Utilities and Energy	317.7	316.3
Other	15.4	11.7
Total	1905.7	1963.5
Elimination*	(252.4)	(247.0)
Total	**1653.3**	**1716.5**

*Intercompany sales and purchases

Germany

European Transport Consultants (ETC) had a reduction in turnover as a result of a very drastic decline in business opportunities in their core domain: traffic systems for public clients. The largest client, DB AG, has cut back on and deferred activities normally overseen by ETC. As a counterstroke to this change in market, ETC opened a branch in Frankfurt in order to develop activities for public transport companies in the Hessen region. The company is also in the process of expanding its international business in cooperation with COWI in Denmark. The company has 72 employees.

Central and Eastern Europe

The accession to the EU of Lithuania, Hungary, Latvia, Estonia and Poland and expectations concerning the admission of a number of other countries from the same region within the next couple of years have added impetus to efforts to anchor our activities locally in Central and Eastern Europe. We have set up new companies in Belgrade, Serbia and Ankara in Turkey. Apart from focusing increasingly on local clients and markets we have been able to increase the international activities being managed directly from Copenhagen or Brussels, in cooperation with the local COWI offices and local enterprises as business partners.

The COWI Group's local turnover in Central and Eastern Europe rose to DKK 37m, whereas the turnover for activities managed from Copenhagen rose to DKK 230m. In the majority of these companies we have been able to note sound, profitable growth.

In Central and Eastern Europe we are particularly committed to consultancy in socio-economic analyses and planning, primarily within transportation and the environment. In addition there is good development in structural design in Lithuania and Latvia.

COWI Baltic, Lithuania

Recent years have seen COWI Baltic grow by 20 percent a year, to the point where it has 51 employees. The core business is the design of building installations and project management services. There is also progress in energy and the environment.

COWI Hungary, Hungary

It has been a busy year for COWI Hungary owing to the EU-sponsored "Project Generation Fund", which the company is managing. 23 Hungarian consultancy companies are taking part in the project. At the same time we have increased the number of services within the company's core business: environmental economics and transport planning. The company has 32 employees.

COWI Moscow, Russia

COWI Moscow expanded its presence in Russia and opened branches in Kaliningrad and St Petersburg. The company has 16 employees.

The Arabian Gulf

COWI operates in the Gulf through partly owned companies in Oman - COWI & Partners LLC - and in Bahrain - COWI-Almoayed Gulf WWL. In addition, we have project offices in Qatar and Kuwait. The Gulf region has seen an increase in the demand for our services.

In Oman our activities increased markedly as a result of several investments in both public and private buildings, the main activity at COWI & Partners LLC in Oman. In a joint venture with Larsen Architects, COWI A/S was selected to plan and design the airports in Seeb and Salalah. COWI & Partners LLC was responsible for prestigious projects like the master plans and preliminary designs for Nizwa University, the new theatre and opera house in Muscat, Muscat's Guest Palace. COWI & Partners LLC has 62 employees, a growing turnover and good profitability.

The company in Bahrain also had a good year with growing activities and good profitability. The company has 35 employees. The project portfolio includes infrastructure planning, project design for government ministries and structural design, chiefly for private clients, for whom we design and supervise the construction of high-rise buildings in the area around the famous Bahrain Financial Harbour.

In Qatar we are engaged primarily on marine structures, land reclamation and the design of oil and gas facilities for national and private oil companies.

China

Over the past five years the COWI Group has worked up good growth on the Chinese market. The newly established company COWI Consulting (Beijing) Ltd focuses on consultancy for district heating units, studies on Clean Development Mechanisms, and energy and environmental planning. The company has five employees.

A representative office in Shanghai coordinates activities in connection with transport infrastructure projects managed by business units from COWI in Denmark and ETC in Germany.

We also provide consultancy to international companies wishing to set up production facilities in China.

Specialist services

In particular, the Far East and the Gulf offered attractive business opportunities for our specialist services. COWI's international specialist business has been built up around services in six selected areas: major bridges, tunnels, marine structures and geotechnical engineering, airports, mapping and geodata and development planning.

Major bridges

We enjoyed a high level of activity on the Far East market. Together with COWI Korea, we won a series of major bridge commissions, including the design of protective structures to safeguard the 2nd Inchon Bridge from shipping collisions. In China, together with SMEDI, we won two major assignments in Shanghai: Chong-Ming Crossing and Ming Pu Bridge; and on the Sutong Bridge, where our role is that of international consultant, construction of the world's largest cable-stayed bridge is progressing according to schedule. In Malaysia we were awarded the contract on the detailed project design of the Johor Bridge. One job, however, aroused particular attention, i.e. the Messina Bridge, where together with our two subsidiaries, Buckland & Taylor and Ben C. Gerwick, we executed the tender project for the Impregilo Group that was singled out as the winner in October.

The local markets in Denmark and the rest of Scandinavia have been growing. On the Höga Kusten Bridge in Sweden we have carried out dehumidification of suspension bridge cables. Our subsidiary in Canada, Buckland & Taylor, won the detailed design of a major cable-stayed bridge, the Golden Ears Bridge, in British Columbia. With the largest volume of orders ever, we have consolidated our position as one of the three leading bridge consultants in the world.

Buckland & Taylor Ltd, Canada

Buckland & Taylor Ltd is primarily engaged on major bridges in Canada and the USA. The company enjoyed some handsome, profitable development. The company has 63 employees.

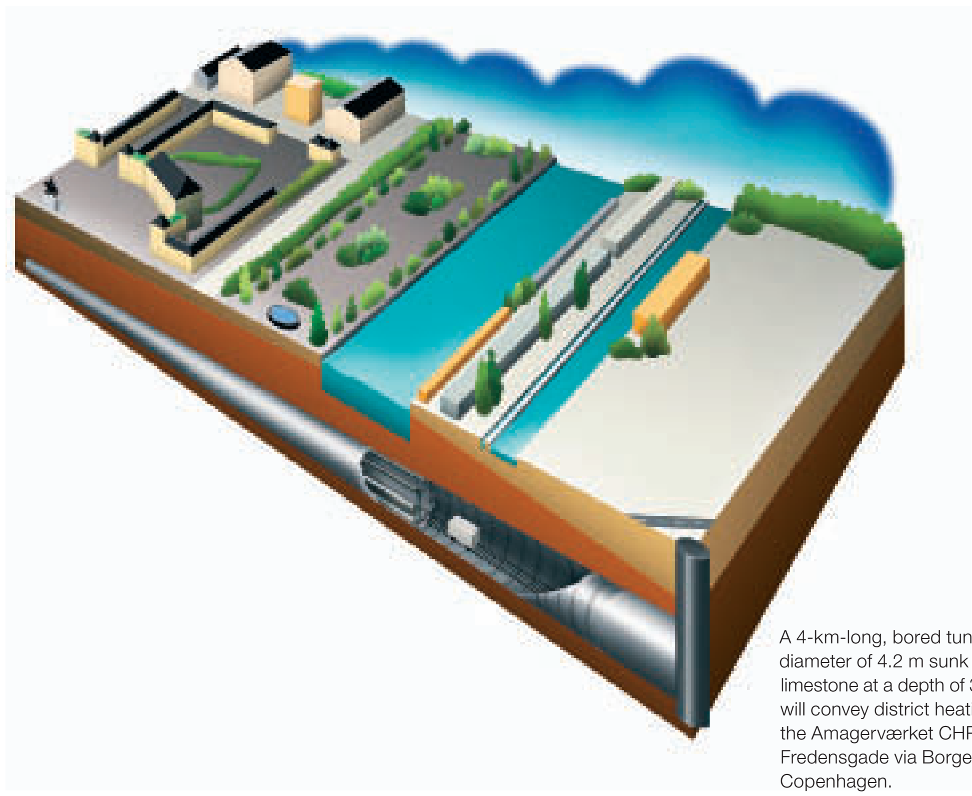
COWI Korea

COWI Korea deals with the design of bridge structures in Korea. The market is currently stagnant, but despite negative development of the market the company was able to retain its staff of 13 employees at the same time as earnings were satisfactory.

Marine structures and geotechnical engineering

We executed a number of significant marine and hydraulic engineering projects, especially in the Gulf. In Qatar there was great activity on the Pearl of the Gulf project, which includes a new island, approx. 5 km long and 2 km wide, with some 50 km of new coastline, and the design of marinas and bridges and other structures. North of the Pearl we executed a project for Bechtel as part of the Lusail (North Beach) project, which includes approx. 20 km^2 for new urban development. The project is located on the sea-front and includes moving some 30 million m^3 material to build islands, beaches and canals. We have been in charge of the highly extensive geotechnical and hydraulic surveys as well as the project design for all the marine structures. Again in Qatar, we executed a project for a number of ports and marine terminals, including a series of new LNG terminals in Port Ras Laffan. In Kuwait we supervise a port project and completed the first phase of a DANIDA project for transport corridors into Iraq. The project focuses on waterways and rivers and is being executed with Iraqi subcontractors. In Ireland we conducted coastal engineering surveys for Greystones Marina.

In Denmark the largest projects have been the continuation of the



A 4-km-long, bored tunnel with a diameter of 4.2 m sunk into the limestone at a depth of 30 metres will convey district heating from the Amagerværket CHP plant to Fredensgade via Borgergade in Copenhagen.

Lille Vildmose is the largest raised bog in Western Europe and one of seven areas of natural beauty designated a pilot project for the creation of national parks.

Tuborg South Port and the Port of Elsinore. We have firmly established our position as key international consultants in marine structures and operate out of three offices: Lyngby (Denmark), Doha (Qatar) and the subsidiary Ben C. Gerwick Inc. in San Francisco (USA).

Ben C. Gerwick Inc., USA
Ben C. Gerwick Inc. is primarily engaged on marine structures and foundation works for bridges and tunnels in the USA. The level of activity has been on the increase, and earnings highly satisfactory. The company has 33 employees.

Tunnels and underground structures

Continued growth in traffic and urbanisation brings with it a mounting need for tunnels, both globally and in the Nordic countries. For a number of international public clients and top contractors, our immersed tunnel expertise has enabled us to work on projects in Busan, Limerick, Bjørvika, Thessaloniki, Lena River, Trondheim and on a port tunnel in Copenhagen.

Our special expertise when it comes to bored tunnels in tricky subsoil with great hydraulic pressure was sought after in connection with tunnels of world record diameter under the Yangtze River in Nanjing and Chongming. Furthermore, we were involved in the the challenging projects for the Hallandsås tunnel, the Malmö City tunnel and the Copenhagen District Heating tunnel, all of which are under construction. In addition, we have been working on a couple of tunnel projects at Leirvik in the Faeroe Islands and Nuuk in Greenland. Finally, we lent out resources for Ørestadsselskabet's feasibility studies on expanding the Copenhagen Metro with a City Circle Line.

Airports

With two new international airport building projects in Oman, COWI now ranks among the five top airport consultants in the world. In 2005 we signed a contract for the sixth largest international airport project since 2000, i.e. the airports in Oman, Seeb and Salalah.

Our strength is the multidisciplinary organisation that can supply more than 90 percent of the services needed to mastermind the planning of an airport. Airport projects are often complex and require strong international project management. We want to extend our position in airports, since the market involves virtually all our specialist disciplines. Also taking part in the Oman airport projects are our subsidiaries in Lithuania, Tanzania, Oman and Norway.

During the period we also worked on Hyderabad International Airport in India (BOT project) and Sofia Airport in Bulgaria. Furthermore, we were involved in other, smaller, Danish and international airport projects.

Mapping and geodata

COWI ranks among the leading international suppliers of geodata as well as all forms of 2D and 3D mapping. An extensive business system with subsidiaries in countries including India and Spain as well as access to a range of international subcontractors provides the framework for an efficient production and marketing system with more than 550 employees. In the UK we are implementing the updating and vectorisation of basic Ordnance Survey maps in a five-year framework contract, which is one of the largest global mapping contracts at the moment. In Latin America we contributed to the registration and verification of private ownership rights in a number of countries. We have our own aircraft and equipment for digital data capture as well as a complete digital workflow in the production lines. That enables us to produce maps and data on a large scale and at competitive prices.

Kampsax India Ltd., India
Kampsax India Ltd (KIL) is COWI's subsidiary in India. Through KIL, COWI ensures its international competitiveness in mapping. Some 400 Indian employees manufacture a large volume of digital maps.

Caribersa, Spain
Caribersa supports COWI's international mapping business. Caribersa contributes its longstanding experience in the production of maps on Spanish-speaking markets. The company has 16 employees.

Development planning

Development assistance is undergoing change, and COWI is instrumental in moulding that change in partnership with donors and partners to ensure the effectiveness of assistance. One of the challenges is donor harmonisation and alignment, where we work as process assistants in connection with "The Joint Assistance Strategy" in Zambia. The work is pioneering, dealing among other things with complementarity, future division of labour and principal donorship.

COWI has set up companies in three countries in Africa: COWI Tanzania Ltd., COWI Uganda Ltd. and COWI Zambia Limited. The companies operate independently within transport infrastructure, construction and development planning, as well as supporting COWI A/S's international business. We also work in Burkina Faso and Benin.

COWI is a leader in development planning and has won several large contracts for Danida, including the largest contract in 2005, a water sector contract in Burkina Faso.

COWI Ltd. Tanzania
COWI Tanzania Ltd. celebrated its 40th anniversary and with its 54 employees it is the largest local consultant in Tanzania. The company had a good year with new contracts for China Geo-engineering Corporation, among others, where the brief is to design a 120 km section of road in northern Tanzania, a 720-metre-long bridge over the River Ruvuma on the border and a 10 km link road. In addition, the company performed a number of building assignments, designed and supervised the water supply system in three rural districts and performed tasks associated with a Local Government Reform in progress.

Aalborg will get a new harbour front opposite the old mediaeval city. The aim is to create a sense of cohesion between the dense town centre and the port areas.

Major projects abroad
This has been another year characterised by many distinctive international projects. Some of the highlights are:

- As many as 50,000 people are killed in road traffic accidents every year in the EU. In an attempt to halve the number of deaths and road accident-related injuries, the EU Commission has asked COWI to perform a cost-benefit analysis of twenty one new and existing technologies designed to increase safety in cars and trucks. The results are used to formulate future traffic safety policies. The list of evaluated technologies includes alcolocks, seat belt reminders, event or accident data recorders, intelligent speed adaptation and adaptive cruise control, concluding that seat belt reminders and event or accident data recorders appear to be the best value for money. In addition a number of technologies appear to be cost-effective measures to increase road safety.
- COWI is currently analysing whether a series of EC environmental directives in sectors such as air, water, waste and chemicals as well as cross cutting directives have been correctly transposed in Estonia and the Czech Republic. The analyses will be used as input for the Commission to evaluate the degree of conformity of such legislation with relevant EC environmental law. COWI performs similar analyses for "old" member states, namely Denmark, Sweden and Germany.
- A consortium led by COWI has advised the Turkish Ministry of Environment and Forest on the prepara-

In a joint venture with Larsen Architects, COWI has won a contract as main consultant on the construction work for two new international airports in Oman.

tion of a strategic investment plan for the country's environmental infrastructure. The project was funded by the EU, who began accession negotiations with Turkey in October 2005. The detailed projections of the strategic plan illustrated that Turkey may have to invest up to 70 billion euro in the environmental sector if the country is to meet the requirements of the EU environmental directives. Of this amount, 50 billion euro are public sector costs. The plan is the first step to meet the requirements. The project also included six infrastructure projects and capacity building of Turkish environmental authorities.

- COWI worked with Danida on natural disasters as part of the Danish response to the tsunami of December 2004. An international workshop was arranged with the UN Secretariat for the International Strategy of Disaster Reduction. Forty-five participants from NGOs, governments, international humanitarian organisations and the private sector in six Asian countries were joined by the Danish Minister for Development Cooperation, Ms. Ulla Tørnæs. The focus was on strengthening resilience among poor, coastal communities, emphasising lessons learnt, to help integrate disaster risk reduction into development programmes.
- COWI successfully bid for the largest Danida contract of 2005. Worth DKK 2.8 million, the contract is a partnership with NIRAS and supports the development of the water and sanitation sector in Burkina Faso. The technical assistance aims to ensure access to drinking water and enhance hygiene and sanitation in rural and semi-urban areas, as well as building capacity to enhance water governance by supporting the deconcentration and the decentralisation processes.
- Reflecting global concern about natural resource governance, COWI has won a large contract in Indonesia, 'EU-Indonesia Forest Law Enforcement, Governance and Trade Support Project (FLEGT)'. COWI has half-share of a joint-venture led by the Finnish company Savcor Indufor Oy. The five-year project starts early in 2006 and will be led by COWI's Chief Technical Adviser to work with the government, the private sector and civil society in Indonesia to support and encourage conditions that combat trade in illegal timber and prevent non-sustainable practices in the Forestry Sector.
- COWI took part in a Forum on Aid Effectiveness in Paris and undertook a survey for the World Bank on European donors' perceptions of the Consultative Group Meetings and their future mandate in a world of harmonisation. COWI works as process facilitator for the donor community for the Joint Assistance Strategy in Zambia. We collated lessons learnt from JAS processes in Zambia, Tanzania and Uganda. This work is ground-breaking with key issues including complementarity and the future division of work, and lead donorship. We worked with the Nordic Plus donors to promote delegated cooperation arrangements between the seven partners. For the OECD/DAC Governance Network, we carried out a survey of the use of Power and Drivers of Change studies by different donor agencies. This thought-provoking assignment questioned how to integrate Power-DoC analyses better into the mainstream aid agenda.
- In 2005 COWI has further developed its position in the Latvian water sector. Thus, we are currently involved in two large projects aiming at improving the water and wastewater situation. Together with Firma L4, we are carrying out hydraulic network modelling and preparing designs and tender documents for improvements to the water, wastewater and wastewater treatment systems of Daugavpils, the second largest city in Latvia. For 12 municipalities in the Zemgale Region we are carrying out water and wastewater feasibility studies and applications for EU Cohesion Funds. This project is carried out in cooperation with Udens Inzenieri.
- On behalf of CAT Alliance Ltd, COWI completed more than 100 environmental assessments for GE Commercial Finance Real Estate in 2005 in connection with acquisitions of commercial real estate portfolios in Sweden, Germany and United Kingdom. The environmental assessments were performed to assess the potential environmental risks associated with the land, buildings or use of the assets prior to closing the purchase of a portfolio. For potential environmental risks identified COWI followed up with surveys of suspected asbestos-containing material, lead-based paints and PCB in building materials.
- In 2005, COWI supplied the largest project to date in oblique photography, photos in which every dot in the landscape is photographed from four angles. For the Municipality of Gothenburg we have taken oblique photographs of a total of 33,000 hectares in and around the city and produced a corresponding quantity of oblique photos (approx. 38,000). Great practical value attaches to using oblique photos in the municipal administration department. Oblique photos can be used for visual documentation, making it possible to see details such as access conditions, window types, facades, driveways and backyards. Oblique photos provide scope for savings in as far as some of the supervision work can be replaced with visual evaluation of the pictorial material.
- In September 2005, COWI was awarded a contract by TanRoads for the design and construction supervision of a 218-km-long section of the TANZAM Highway. The road is the main traffic corridor to the land-locked Zambia and important to the development of Central and Western Tanzania. The contract is the first road project to be funded by "Danida's Mixed Credit Financing". The project is staffed by COWI Denmark in association with COWI Tanzania. The detailed design is expected to be completed in June 2006 and the construction in June 2010.
- Plans to build a bridge between Sicily and the Italian mainland across the Straits of Messina, which is more than three kilometres wide and up to 200 metres deep, date back as far as the 1950s. The project is highly complex, necessitating the construction of a suspension bridge with a record span of 3,300 m, while simultaneously requiring the bridge to withstand earthquake loads greater than the quake that hit the Messina area in 1908. The world's longest bridge span to date measures 1,911 m. The Messina Bridge will carry both road and rail across the straits and is going to cost some DKK 30 billion. The ATI Group, with IMPREGILO SpA as the lead partner and COWI as a team member, was declared the winner in October 2005. Besides COWI A/S, both Ben C. Gerwick Inc. and Buckland & Taylor are involved in the project team, which in 2006 will include a project staff of up to 80.
- COWI has completed planning, geotechnical investigations and numerical modelling and design activities of the Lusail Development for Bechtel on behalf of Qatari Diar Real Estate Investment Company. This new, large land development is located along the shoreline north of Doha and will cover an area of about 20 km^2. The project will transform the present shoreline through dredging and reclamation, creating new islands, access channels and beaches. The fully developed new township is planned for 150,000 inhabitants. COWI together with architect, HOK prepared the master plan. This was done in a close cooperation with the owner and in respecting the natural processes at that site to meet the viability requirements of the project.
- COWI has during the last 5 years assisted the Swedish National Road Directorate in planning and implementation of operation and maintenance strategies on major Swedish Bridges. During the period 2004-2005 COWI has provided consultancy services in connection with implementation of dehumidification of the main cables on the 1210 m main span suspension bridge Högakustenbron. During the last 5 years COWI has provided consultancy services in connection with condition assessment of suspension cables and hangers and subsequently

planning of future operation and maintenance strategies of the 418 m main span suspension bridge Âlvsborgbron in Gothenburg. The Ölandbron forming the 6072 m multispan coastal concrete bridge between Öland and Kalmar was completed in 1972. COWI undertook in 2004 the consultancy services of developing an optimal maintenance strategy for a 70-year period. As part of this strategy COWI has in 2005 completed inspection work of the complete bridge.

- Covering 380,000 m^2 of reclaimed land on a prime seafront site in Bahrain's capital city Manama the Bahrain Financial Harbour will become a complete financial city, a self-contained community. The property will be developed into a diversified range of office, residential, retail, leisure and dining components that will cater to all needs. The Dual Towers stand at an imposing 53 storeys and will become landmark buildings for the whole development. COWI has for the client Bahrain Financial Harbour Company provided a design review and construction management for structural works on the two high-rise buildings.
- During 2005 COWI has carried out one of the first EU-supported waste management projects in Croatia after the 1990's war. Together with the Croatian partners IGH, OIKON and IMO, we have prepared two Regional Waste Management Plans for the Counties of Sibenik-Knin and Zadar bordering the Adriatic Sea. These plans meet all requirements in EU and Croatian waste legislation. A feasibility study identifying the optimal solution for handling and disposal of the waste has been carried out and future organisation and financing of options and cost recovery have been prepared. Parallel to this, a study for a new sanitary landfill in the County of Zadar has been performed together with a master plan for closure and remediation of approximately 25 dumpsites including site inspection of landfills, detailed conceptual design for landfill closure and proposal of improvement of existing landfill for continued operation. The project was financed by the EU within the UBDP/UNOPS's programme for Croatia.
- The increasing energy consumption in the People's Republic of China is an international challenge. In 2005, COWI signed a three-year contract to assist the Heating Energy Conservation Centre in reducing the energy consumption in Beijing. A major problem is that the consumption and the potential for savings are unknown to both authorities and consumers. The project is therefore focusing on teaching Chinese energy professionals to carry out energy audits and demonstration projects, thereby making the potential visible, and to disseminate the findings through campaigns and courses for energy professionals. The project is financed by GEF and sponsored by the Beijing Municipal Government.
- A digital map, drawn to scale, of Serbia will contribute to strengthen the public administration of the country and to determine the cadastral information. The project comprises the production of a nationwide orthophoto coverage at several different scales, i.e. in total 77,600 km^2. The first nationwide orthophoto coverage of Serbia will become a reality over the next three years, where Kampsax A/S (COWI A/S) is to capture aerial photography over the whole country and produce orthophotos in resolutions of 40, 20, and 10 cm. The purpose of the project, which is financed by the EU and managed by the European Agency for Reconstruction, is to support and develop The Republic of Serbia.

COWI is the main consultant for a consortium of international top companies that won the competition to build the world's biggest suspension bridge across the Straits of Messina.

Knowledge of market, clients and organisation

We generate value for our clients through projects. This value generation is based on our employees' know-how and knowledge acquired through the company's many previous assignments, all of which are embodied in the business system.

Our aim is to develop into an integrated international consultancy company in which companies and units in the Group work together as one entity. Knowledge-sharing, communication and shared tools are important aids in the process of realising that strategy. Value generation is firmly rooted in COWI's core competencies: developing specialised professional standards, delivering multidisciplinary services and managing projects in close collaboration with our clients on a sound commercial basis.

For the eighth time now we are publishing an annual report on intellectual capital for the parent company. This report is structured according to the prime stakeholders in value generation: clients, employees and the company itself. The detailed intellectual capital report can be read in its entirety on pages 58-59.

Six out of ten employees (61 percent) have project management experience. Every fourth has experience from international projects.

Consultancy types

We provide consultancy in different forms, depending on the client's requirements and the nature of the task. These consultancy types span project management, expert assistance, planning, analyses, design, invitations to tender, supervision, training, research, product supplies and suchlike.

Consultancy types in pct 2005	
Project management	27 pct
Expert assistance, planning and analyses	23 pct
Project design, invitation to tender and supervision	36 pct
Product supplies	5 pct
Other	9 pct

More employees

We had a small increase in our staff of regular Group employees. This development was as follows:

No. of employees, end-year

Regular employees	Denmark	The Group
00/01	1,581	2,148
01/02	1,643	2,282
02/03	1,972	3,501
2003	1,960	3,433
2004	1,923	3,294
2005	1,879	3,322

The proportion of employees with an MSc or BSc remains unchanged at 73 percent of the staff at COWI A/S.

Best consultant

Once again in 2005 COWI was the best ranking consultant engineering company in the annual list of the top 100 Danish engineering companies, as judged by their image, produced by the Danish engineering magazine *Ingeniøren*. COWI came away with first place among engineers and students alike.

Risks and risk management

The COWI Group's risks can be divided into market risks, operational risks, financial risks and other risks.

Market risks

We endeavour to minimise risks caused by changes in political conditions and fluctuations in financial business cycles by having a balanced portfolio of projects. The balanced portfolio entails distribution across geographical markets, service areas and public/private sectors. Particularly in areas of political instability, changes in political conditions will pose a risk.

Operational risks

We minimise losses on projects by evaluating the risk of every single project, supplementing it with whatever project management and monitoring dictated by the evaluation.

Contracts with subcontractors and partners can constitute a risk in the event of failure to deliver at the anticipated time, within the anticipated costs or with the anticipated quality. We attempt to minimise risks by means of careful selection, dialogue and verification of the delivery.

Criteria specified by clients, partners and subcontractors are risks we seek to limit by means of professional liability insurance.

Overcapacity in relation to the scope of projects in progress is a risk we handle through new control systems that improve scope for resource management and forecasting.

We have drawn up an IT security policy and an IT contingency plan to forestall any physical damage to our central IT facilities. We re-evaluate the plan once a year.

Financial risk

We attempt to minimise to the widest possible extent the foreign exchange risk related to our projects by matching income and expenses in the same currency in the individual projects. Furthermore, hedging of net foreign exchange positions relating to business operations is effected by foreign currency hedges. As a principal rule, translation risk stemming from investments in subsidiaries is not hedged.

Interest rate risk is limited as a consequence of COWI's limited net interest-bearing debt. Our securities portfolio is part of an external portfolio management programme that is being managed within defined limits with a heavy weighting in Danish bonds with limited terms of maturity.

Throughout a number of years, we have made several acquisitions and therefore we have devised a fundamental method for valuation and integration to minimise acquisition risk.

Other risks

COWI is a supplier to public and private clients in large parts of the world. Our credibility as a consultancy company depends largely on commercial integrity. We have therefore devised a business integrity management system, which sets out guidelines for good business conduct for all units, managers and employees.

Risk management

Apart from the risk management initiatives mentioned, our practice regarding Corporate Governance includes risk management guidelines. Overall strategic risk management is done on the basis of a risk profile we draw up once a year with a view to evaluation, discussion and prioritisation on COWI's Board of Directors. We set out one-year goals for desired changes to the risk profile within five to ten risk areas.

Events subsequent to the end of the financial year

No events have occurred after the balance sheet date that materially affect the assessment of the Annual Report.

Outlook

For 2006, we anticipate a positive development in the economy at large. We expect this development to boost the demand for our services in most of the markets in our focus.

In the domestic market we expect handsome financial growth, driven particularly by investments in industrial and residential properties. This trend will positively impact the demand for our consultancy services within building, industry, energy etc. The structural reform in the public sector enters a new phase in 2006 with improvements of new municipal units and the alternative distribution of responsibilities that in principle will take effect from 1 January 2007. We anticipate our strong position as consultants for the public sector to result in increased demand for our inter-disciplinary consultancy services which cover most needs of the municipalities.

Also in the Norwegian market we anticipate handsome growth in the economy. We expect the new Norwegian government's focus on the public sector to boost the demand for our services to this sector.

We also expect solid growth in our international markets. It is our wish to further strengthen our position by developing a greater presence, collaboration and initiatives in Central and Eastern Europe, the Middle East as well as in China, where growth and opportunities are considerable.

In 2006, we intend to continue our efforts towards a strengthening of our abilities to manage and develop our business and our employees. Furthermore, we intend to develop our sales, marketing and customer focus with a view to gaining market shares.

In the light of the economic growth, our position and competencies as well as our sound order book, we anticipate COWI to achieve handsome, organic growth in turnover in 2006. To this can be added growth through acquisitions within selected competence areas and geographic markets.

We expect continued improvement of our profitability. We intend to work on improving cash flow from operating activities to increase our capacity for business development through organic growth, expanded corporate presence as well as acquisitions.

Financial review

General
The 2005 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.

Profit and loss account
In 2005, the Group's net turnover came to DKK 2,676.5 million, an increase of DKK 82.2 million on 2004. The increase is attributable to the Norwegian market, where particularly COWI AS Norge experienced considerable progress in 2005. The business area Bridges, Tunnel and Marine Structures also recorded considerable business progress for 2005. Also within the business area of Economics and Management, significant growth was seen in business activities for 2005, to some extent due to the acquisition of Muusmann A/S Research & Consulting in the same year.

Of the Group's total turnover, international turnover amounted to 64%, a slight increase compared with last year.

The Group's own production, showing the selling price of the activities performed by the Group's employees in 2005, grew 5.9% equivalent to an increase in own production from DKK 1,857.2 million in 2004 to DKK 1,966.6 million in 2005.

In 2005, total operating expenses excluding financial income and expenses increased 4.7% to DKK 1,849.5 million. Staff expenses, constituting the most important operating expenses, went up by 4.4% which should be compared with an increase in the Group's own production by a little less than 6%.

Depreciation, amortisation and write-downs rose by 13.8% to DKK 74.3 million, particularly due to increased amortisation of own-developed map products that recorded growth in sales, as amortisation is charged in step with product deliveries.

Operating profit increased by DKK 26.2 million to DKK 117.1 million. This earnings growth is due to improved earnings in the Norwegian market, and within the business area of Economics and Management as well as the business area of Bridges, Tunnel and Marine Structures. Furthermore, falling costs for business support contributed to the increased earnings.

Group profit margin calculated as operating profit as a percentage of turnover came to 4.4% against last year's 3.5%.

The Group's net financials show net financial income of DKK 19.6 million compared with DKK 5.9 last year, primarily stemming from considerable capital gains on the Company's securities portfolio.

Profit from ordinary activities, before tax and profit from group enterprises attributable to minority interests, amounted to DKK 136.7 million in 2005 against DKK 96.7 million in 2004.

For 2005, Group tax on profit from ordinary activities amounted to DKK 21.9 million, equivalent to an effective tax rate of 16% for 2005. The low effective tax rate for 2005 is due to tax income of DKK 10.5 million arising from adjustment of deferred tax as a consequence of the reduction of the corporation tax rate from 30% to 28%. Additional tax income of DKK 8.0 million has been recognised as adjustment of tax for previous years. Adjusted for this tax income, the Group's effective tax rate comes to 29% compared with last year's 36%.

Profit for the year, after tax and profit from group enterprises attributable to minority interests, amounted to DKK 112.9 million against DKK 60.6 million last year.

Balance sheet
The Group's total assets amounted to DKK 1,782.9 million at 31 December 2005, an increase of DKK 220.0 million compared with last year.

The Group's accounts receivable, services, rose by DKK 55.2 million to DKK 535.0 million reflecting considerable invoicing for large, separate international projects at the end of the financial year.

Group contract work in progress increased by DKK 47.7 million to DKK 289.0 million at 31 December 2005, while advance invoicing went up by DKK 71.9 million to DKK 424.0 million at 31 December 2005.

Total net funds tied up in work-in-progress and accounts receivable less advance invoicing went up by DKK 30.9 million.

At 31 December 2005, shareholders' funds aggregated DKK 555.1 million, showing an increase of DKK 109.0 million compared with last year. The increase was generated by profit for the year of DKK 112.9 million and DKK 3.7 million stemming from adjustment of foreign exchange hedging instruments, offset by foreign exchange adjustments of investments amounting to DKK 2.4 million and dividend payments of DKK 5.2 million for the financial year 2004.

For 2005, the equity ratio was 22.6% compared with 14.5% for 2004.

Return on equity went up from 28.5% in 2004 to 31.1% in 2005.

Cash flow statement
Cash flow from operating activities amounted to DKK 208.8 million, an improvement of DKK 41.7 million on 2004. Cash flow from investing activities amounting to DKK 71.5 million was impacted by the acquisition of Muusmann A/S Research & Consulting in Denmark, the activities in Aadnesen a.s. in Norway as well as investments in IT and equipment for map production.

The free cash flow amounted to DKK 137.3 million, at level with last year.

The Group's cash and cash equivalents, consisting of cash and securities, increased by DKK 101.7 million to DKK 422.6 million at 31 December 2005. With addition of committed undrawn credit facilities, the Group's financial resources amounted to DKK 620.3 million at 31 December 2005.

Group and Annual Accounts

Applied Accounting Policies

The 2005 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.

Pension benefit obligations
In connection with the acquisition of the shares in COWI AS, Norway on 1 January 2003, goodwill on acquisition was calculated. In the calculation, the pension benefit obligations were not revalued to fair value. This decision was made with reference to section 11 (3) of the Danish Financial Statements Act as Management is of the opinion that continuing the accounting policy applied so far by COWI AS, Norway for pension benefit obligations gives a true and fair view in the Annual Report, as this policy implies that unamortised plan changes, estimate deviations and pension adjustments which may over time be recovered are not reclassified and amortised as goodwill.

The method applied means that the net pension asset recognised in COWI AS, Norway at 31 December 2005 of DKK 36.3 million is recognised in the consolidated balance sheet of the COWI Group and that estimate/plan changes identified at the takeover date of approximately DKK 54.1 million at 31 December 2005 are disclosed in the notes only and not recognised in the balance sheet under pension assets/provision for pension benefit obligations.

If the net pension benefit obligation had been recognised at fair value in the takeover balance sheet, the goodwill on acquisition at 31 December 2005 would have been DKK 52.1 million higher, and the net balance sheet total at 31 December 2005 would have been increased by DKK 36.0 million.

The chosen accounting treatment in 2005 positively affected the total consolidated profit by DKK 1.1 million, primarily attributable to the corridor approach and to differences between the period of goodwill amortisation (amortised over 20 years) and the charging of pension costs to the profit and loss account (amortised over 14 years except for the corridor, which is not amortised).

If the net pension benefit obligations had been recognised at fair value at the takeover, the consolidated shareholders' funds at 31 December 2005 would have been DKK 3.3 million higher. The reason is that the recognition in the balance sheet of the net pension benefit obligations would have resulted in positive foreign exchange adjustments on translation of NOK to DKK at 31 December 2005, while the amortisation differences would have been reduced, cf. above.

Recognition and measurement
In the profit and loss account, revenue 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 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 enterprises 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. Enterprises 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 enterprises.

On consolidation, intercompany profits and expenses, shareholdings, dividends and balances as well as realised and unrealised gains and losses on transactions between consolidated enterprises 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 COWI A/S and the group enterprises by combining items of a uniform nature.

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

On acquisition of new group enterprises, any differences between the acquisition cost and the net asset value of the enterprise acquired are 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 enterprise 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 economic life, however at a maximum of 20 years. Any negative differences are recognised in the balance sheet.

Goodwill from acquired enterprises 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 group enterprises 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 group enterprises.

Corporation tax and deferred tax
The Company is jointly taxed with certain 100% owned Danish group enterprises. The tax effect of the joint taxation with the group enterprises is distributed on Danish profit- and loss-making enterprises in proportion to their taxable income (full allocation with refund concerning tax losses). The jointly taxed enterprises are included in the Danish tax prepayment scheme.

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. In respect of accounts receivable, 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. For other items, the realised gains/losses are recognised as financial income or financial expenses in the profit and loss account.

Accounts receivable and payable and other monetary items in foreign currencies are translated into the exchange rates ruling at the balance sheet date. Unrealised exchange gains or losses arising from 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. Unrealised exchange gains or losses in respect of accounts receivable are recognised under net turnover in the profit and loss account, while unrealised exchange gains or losses in respect of accounts payable or other monetary items are recognised under financial income or expenses in the profit and loss account.

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

On recognition of foreign group enterprises and associated enterprises 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 group enterprises 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 group enterprises 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 items.

Exchange adjustments of intercompany balances and transactions with foreign group enterprises that are considered additions to or deductions from the equity of separate group enterprises are recognised directly in shareholders' funds. Similarly, exchange gains and losses on loans and derivative financial instruments contracted for hedging purposes by independent foreign group enterprises 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 on a current basis 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 conservatively assessed selling price of work per-

formed 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, value 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 economic 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 enterprises 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 value in use. 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 a fair value can be established. 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 thereof. 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 carrying amount 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 write-downs in connection with general amortisation and depreciation. Where impairment is required, writedown is made to the recoverable amount, if lower. The recoverable amount of the asset is determined as the higher of net selling price and 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 group and associated enterprises
Investments in group and associated enterprises 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 group enterprises' results before tax for the year under the item 'Profit on ordinary activities before tax in group enterprises', while the share of tax in group enterprises 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 accounts include the proportionate share of results before tax for the year of associated enterprises under the item 'Profit on ordinary activities before tax in associated enterprises', while the share of tax in associated enterprises 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 enterprises', the Group's balance sheet includes the relevant equity interest proportion of the net asset value of the associated enterprises 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 group enterprises' and 'Investments in associated enterprises', the Parent Company's balance sheet includes the relevant equity interest proportion of the net asset value of the enterprises measured under the Parent Company's accounting policies less deduction and with addition of the share of unrealised intercompany profits or losses.

Group and associated enterprises with a negative net asset value are measured at DKK zero, and any receivable from these enterprises 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 enterprise's negative balance.

The total net revaluation of investments in group and associated enterprises 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.

Enterprises acquired during the financial year are included in the Parent Company and Group Accounts from the time of acquisition, and enterprises 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 group enterprises are computed as the difference between the sales sum or the liquidation amount and the carrying amount 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 on account. 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 working partnerships 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 group enterprises. 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 so that 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 operating profit 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	$\frac{\text{Operating profit before depreciation and amortisation (EBITDA) x 100}}{\text{Net turnover}}$
Operating margin (EBIT 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 2004	Parent Company 2005	DKK '000	Note	Group 2005	Group 2004
1,852,188	1,855,628	Net turnover	1	2,676,488	2,594,326
(631,856)	(606,291)	Project expenses		(709,922)	(737,131)
1,220,332	1,249,337	Own production		1,966,566	1,857,195
(175,182)	(178,879)	External expenses	2	(318,775)	(302,798)
(940,146)	(943,745)	Staff expenses	3	(1,459,145)	(1,397,846)
(33,316)	(44,161)	Amortisation, depreciation and impairment losses	4	(74,306)	(65,273)
71,688	82,552	Operating profit on ordinary activities		114,340	91,278
1,245	3,800	Other operating expenses, net	5	2,727	(451)
72,933	**86,352**	**Operating profit**		**117,067**	**90,827**
23,826	43,717	Profit on ordinary activities before tax in group enterprises	6	-	-
49	66	Profit on ordinary activities before tax in associated enterprises	7	1,613	926
(13,716)	(15,354)	Goodwill and group goodwill amortisation	4	-	-
22,693	29,062	Financial income	8	29,456	23,925
(11,602)	(9,377)	Financial expenses	9	(11,457)	(18,972)
94,183	**134,466**	**Profit on ordinary activities before tax**		**136,679**	**96,706**
(33,604)	(21,580)	Tax on profit on ordinary activities	10	(21,875)	(34,326)
60,579	**112,886**	**Profit on ordinary activities after tax**		**114,804**	**62,380**
-	-	Profit on extraordinry activities after tax		-	-
60,579	**112,886**	**Profit for the year**		**114,804**	**62,380**
-	-	Profit/loss from group enterprises attributable to minority shareholders		(1,918)	(1,801)
60,579	**112,886**	**COWI's share of profit for the year**		**112,886**	**60,579**

Proposed distribution of net profit

		DKK '000
5,213	5,138	Proposed dividend at (15%)
15,041	36,038	Transferred to Reserve for net revaluation according to the equity method
40,325	71,710	Retained earnings
60,579	**112,886**	

Balance sheet

Parent Company 31 Dec 2004	Parent Company 31 Dec 2005	DKK '000	Note	Group 31 Dec 2005	Group 31 Dec 2004
114,760	108,201	Goodwill and rights		13,747	357
114,161	121,744	Group goodwill		229,946	228,921
9,578	9,215	Software		10,412	10,796
9,219	1,561	Own-developed projects		1,561	9,219
247,718	**240,721**	**Intangible fixed assets**	11	**255,666**	**249,293**
4,173	4,049	Land and buildings		7,132	7,533
73,097	73,768	Technical installations, operating and other equipment		109,799	103,670
296	457	Fixed assets in course of construction		1,016	1,057
77,566	**78,274**	**Tangible fixed assets**	12	**117,947**	**112,260**
139,229	184,134	Investments in group enterprises	6	-	-
1,166	895	Investments in associated enterprises	7	5,787	6,062
18,745	19,822	Loans to group enterprises		-	-
252	261	Other investments and participating interests		4,898	5,470
159,392	**205,112**	**Fixed assets investments**	13	**10,685**	**11,532**
484,676	**524,107**	**Total fixed assets**		**384,298**	**373,085**
479	**356**	**Stocks**		**358**	**484**
291,717	345,922	Accounts receivable, services		534,978	479,813
166,617	179,677	Contract work in progress, net	14	288,968	241,308
63,691	38,685	Amounts owed by group enterprises		-	-
-	-	Amounts owed by associated enterprises		3,346	3,254
30,275	35,023	Other receivables		50,156	37,998
-	-	Net pension assets	15	38,403	29,210
-	-	Deferred tax assets	21	11,273	18,837
53,794	26,944	Prepayments	16	42,144	58,021
606,094	**626,251**	**Accounts receivable**		**969,268**	**868,441**
-	**6,420**	**Own shares**	17	**6,420**	**-**
160,861	**182,334**	**Current asset investments**	18	**183,669**	**161,457**
76,313	**130,282**	**Cash at bank and in hand**		**238,905**	**159,418**
843,747	**945,643**	**Total current assets**		**1,398,620**	**1,189,800**
1,328,423	**1,469,750**	**TOTAL ASSETS**		**1,782,918**	**1,562,885**

Balance sheet

Parent Company				Group	
31 Dec 2004	31 Dec 2005	DKK '000	Note	31 Dec 2005	31 Dec 2004
34,750	34,750	Share capital		34,750	34,750
-	6,420	Share premium account		-	-
15,041	51,079	Reserve for net revaluation according to the equity method		-	-
391,134	457,716	Retained earnings		515,215	406,175
5,213	5,138	Proposed dividend		5,138	5,213
446,138	**555,103**	**Shareholders' funds**	**19**	**555,103**	**446,138**
-	**-**	**Minority interests**	**20**	**12,928**	**10,888**
170,323	171,911	Deferred tax	21	179,119	172,318
27,000	29,500	Net pension benefit obligations	15	30,735	28,331
18,922	33,366	Other provisions	22	53,436	44,727
216,245	**234,777**	**Provisions**		**263,290**	**245,376**
7,928	8,864	Credit institutions		11,040	14,360
7,928	**8,864**	**Long-term debt**	**23**	**11,040**	**14,360**
46,354	33,704	Credit institutions		45,094	64,712
17,172	14,516	Amounts owed to group enterprises		-	-
77,053	76,326	Accounts payable, suppliers		110,688	107,974
40,407	40,216	Taxes and VAT payable		99,252	94,238
318,095	343,156	Amounts invoiced in advance	14	424,003	352,099
135,281	135,249	Accrued holiday allowance		180,817	173,504
18,974	25,947	Other accounts payable		67,262	39,709
4,776	1,892	Deferred income		13,441	13,887
658,112	**671,006**	**Short-term debt**		**940,557**	**846,123**
666,040	**679,870**	**Total debt**		**951,597**	**860,483**
1,328,423	**1,469,750**	**TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS**		**1,782,918**	**1,562,885**
		Contingent liabilities, commitments and guarantees	24		
		Notes without reference	25-27		

Statement of changes in shareholders' funds of the COWI Group

DKK '000	Share capital	Share premium account	Retained earnings	Proposed dividend	Total
Shareholders' funds at 1 January 2004	34,750	5,881	347,350	2,318	390,299
Distributed dividend				(2,318)	(2,318)
Profit for the year			60,579		60,579
Share premium account transferred to distributable reserves		(5,881)	5,881		-
Exchange adjustment, foreign group enterprises			(105)		(105)
Value adjustment of own shares in foreign group enterprises			1,744		1,744
Value adjustment of hedging instruments, beginning-of-year			(334)		(334)
Value adjustment of hedging instruments, end-of-year			(3,727)		(3,727)
Proposed dividend			(5,213)	5,213	-
Shareholders' funds at 31 December 2004	**34,750**	**-**	**406,175**	**5,213**	**446,138**
Distributed dividend				(5,213)	(5,213)
Profit for the year			112,886		112,886
Value adjustment of investments in group enterprises			(691)		(691)
Exchange adjustment, foreign group enterprises			(1,711)		(1,711)
Value adjustment of own shares in foreign group enterprises			(33)		(33)
Value adjustment of hedging instruments, beginning-of-year			3,727		3,727
Value adjustment of hedging instruments, end-of-year			-		-
Proposed dividend			(5,138)	5,138	-
Shareholders' funds at 31 December 2005	**34,750**	**-**	**515,215**	**5,138**	**555,103**

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

DKK '000	Share capital	Own shares	Net revalu-ation reserve	Share preminum account	Retained earnings	Proposed dividend	Total
Shareholders' funds at 1 January 2004	34,750	-	-	5,881	347,350	2,318	390,299
Distributed dividend						(2,318)	(2,318)
Profit for the year					60,579		60,579
Share premium account transferred to distributable reserves				(5,881)	5,881		-
Transfer to reserve for net revaluation according to the equity method			15,041		(15,041)		-
Exchange adjustment, foreign group enterprises					(105)		(105)
Value adjustment of own shares in foreign group enterprises					1,744		1,744
Value adjustment of hedging instruments, beginning-of-year					(334)		(334)
Value adjustment of hedging instruments, end-of-year					(3,727)		(3,727)
Proposed dividend					(5,213)	5,213	-
Shareholders' funds at 1 January 2005	**34,750**	**-**	**15,041**	**-**	**391,134**	**5,213**	**446,138**
Distributed dividend						(5,213)	(5,213)
Profit for the year					112,886		112,886
Transfer to reserve for own shares		6,420			(6,420)		-
Transfer to reserve for net revaluation according to the equity method			36,038		(36,038)		-
Value adjustment of investments in group enterprises					(691)		(691)
Exchange adjustment, foreign group enterprises					(1,711)		(1,711)
Value adjustment of own shares in foreign group enterprises					(33)		(33)
Value adjustment of hedging instruments, beginning-of-year					3,727		3,727
Value adjustment of hedging instruments, end-of-year					-		-
Proposed dividend					(5,138)	5,138	-
Shareholders' funds at 31 December 2005	**34,750**	**6,420**	**51,079**	**-**	**457,716**	**5,138**	**555,103**

Cash flow statement

Group

DKK '000	Note	2005	2004
Operating profit		117,067	90,827
Amortisation and depreciation for the year as well as profit/(loss) from disposal of fixed asset		73,992	65,378
Unrealised value adjustments for the year, net		(5,216)	(5,631)
Other provisions for the year		3,517	4,432
Operating profit adjusted for non-cash movement		189,360	155,006
Net financial income paid for the year		17,999	4,953
Corporation tax paid		(7,821)	(7,376)
Cash flow from operating activities before change in working capital		**199,538**	**152,583**
Change in stocks		126	(17)
Change in work in progress		25,961	6,550
Change in accounts receivable		(49,595)	3,481
Change in accounts payable		1,538	(24,561)
Change in other receivables and prepayments		(4,595)	(3,165)
Change in other payables and deferred income		35,849	32,242
Cash flow from operating activities		**208,822**	**167,113**
Acquisition of intangible fixed assets		(6,789)	(13,592)
Disposal of intangible firxed assets		-	123
Acquisition of tangible fixed assets		(43,325)	(29,241)
Disposal of tangible firxed assets		2,592	3,693
Acquisition of subsidiaries and activities		(24,820)	-
Acquisition of other fixed asset investments		(1,976)	(1,188)
Disposal of fixed asset investments		2,783	2,531
Cash flow from investing activities		**(71,535)**	**(37,674)**
Free cash flow		**137,287**	**129,439**
Repayment of financial accounts payable (net)		(23,955)	(54,744)
Distributed dividend/purchase of minority interests		(5,213)	(4,018)
Sale/(purchase) of own shares		(6,420)	-
Cash flow from financing activities		**(35,588)**	**(58,762)**
Cash flow for the year		**101,699**	**70,677**
Cash and cash equivalents, beginning-of-year		320,875	250,198
Cash and cash equivalents, end-of-year	**27**	**422,574**	**320,875**

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 markets into the Danish market and the foreign market. A corresponding distribution of activities has been omitted.

	Group	
	Danish	Foreign
DKK '000	market	market
Net turnover	959,957	1,716,531
Operating profit	56,754	60,313
Fixed assets	53,213	331,085
Liabilities	275,270	616,152

Note 2 Fees for auditor elected by the Annual General Meeting

Parent Company			Group	
2004	2005	DKK '000	2005	2004
(1,600)	(1,400)	Audit fee	(2,809)	(3,055)
(2,476)	(2,455)	Fees, services other than audit	(2,821)	(3,257)
(4,076)	**(3,855)**	**Total fees for the auditor elected by the Annual General Meeting**	**(5,630)**	**(6,312)**

Note 3 Staff expenses

Parent Company			Group	
2004	2005	DKK '000	2005	2004
(838)	(965)	Remuneration for Board of Directors, Parent Company	(965)	(838)
(908,693)	(907,968)	Salaries and wages	(1,339,953)	(1,285,850)
(4,657)	(6,289)	Pensions and social security	(67,341)	(62,585)
(25,958)	(28,523)	Other staff expenses	(50,886)	(48,573)
(940,146)	**(943,745)**	**Staff expenses**	**(1,459,145)**	**(1,397,846)**
(6,135)	(7,499)	Remuneration, Executive Management	(7,499)	(6,135)
1,942	1,901	Average number of employees	3,308	3,364
1,923	**1,879**	**Number of employees at 31 December**	**3,322**	**3,294**

Note 4 Amortisation, depreciation and impairment losses

Parent Company			Group	
2004	2005	DKK '000	2005	2004
(5,009)	(5,376)	Software	(6,132)	(6,805)
(4,133)	(14,953)	Own-developed products	(14,953)	(4,133)
(129)	(124)	Land and buildings	(259)	(278)
(24,045)	(23,708)	Technical installations, operating and other equipment	(36,850)	(39,994)
(33,316)	**(44,161)**		**(58,194)**	**(51,210)**
(6,558)	(6,558)	Goodwill and rights	(407)	(347)
(7,158)	(8,796)	Group goodwill	(15,705)	(13,716)
(47,032)	**(59,515)**	**Amortisation, depreciation and impairment losses**	**(74,306)**	**(65,273)**

Note 5 Other operating expenses, net

Parent Company			Group	
2004	2005	DKK '000	2005	2004
45	73	Profits from sale of fixed assets	321	413
(378)	-	Loss from sale of fixed assets	(7)	(518)
1,923	4,484	Royalty income	3,293	-
(345)	(757)	Removal expenses	(880)	(346)
1,245	**3,800**	**Other operating expenses, net**	**2,727**	**(451)**

Note 6 Investment i group enterprises

						COWI Group's share	
Name	**Domicile**	**Ownership %**	**Share capital**	**Shareholders' funds**	**Profit/ loss for the year**	**Profit on ordinary activities before tax**	**Shareholders' funds**
			(1,000)	DKK '000	DKK '000	DKK '000	DKK '000
Ben C. Gerwick, Inc.	USA	94.5%	766 USD	14,070	3,178	4,765	13,296
Bruun & Sørensen Energiteknik A/S	Denmark	100%	1,000 DKK	6,025	344	477	6,025
COMAR Engineers A/S	Denmark	100%	849 DKK	1,819	(7)	(10)	1,819
COWI Anadolu Musavirlik Limited Sirketi	Turkey	100%	160 TRY	671	(80)	(77)	671
COWI AS	Norway	100%	21,695 NOK	70,973	20,125	27,224	70,973
COWI Belgium SPRL	Belgium	100%	7 EUR	280	139	234	280
COWI d.o.o.	Serbia	100%	8,593 CSD	491	(259)	(272)	491
COWI Canada Ltd.	Canada	100%	1,079 CAD	7,885	4,240	5,819	7,885
COWI Consulting Co. Ltd. (Beijing)	China	100%	828 CNY	(667)	(1,315)	(1,237)	(667)
Cowi de El Salvador, S.A. de C.V.	El Salvador	100%	11 USD	(1,456)	(1,528)	(1,480)	(1,456)
COWI Hungary Ltd.	Hungary	100%	50,000 HUF	3,914	680	857	3,914
COWI Korea Co., Ltd.	Korea	60%	500,000 KRW	5,588	279	307	3,353
COWI Philippines Inc.	Philippines	100%	5,846 PHP	-	626	638	-
"COWI Tanzania Consulting Engineers and Planners Ltd."	Tanzania	100%	20,000 TZS	7,193	1,358	1,148	7,193
COWI Zambia Ltd.	Zambia	100%	1 ZMK	(542)	(542)	(417)	(542)
COWI-Almoayed Gulf W.L.L.	Bahrain	49%	20 BHD	2,976	828	823	1,458
COWIconsult International Ltd.	UK	100%	95 GBP	1,237	254	300	1,237
Danport A/S	Denmark	100%	500 DKK	553	(4)	(5)	553
Enviroplan International A/S	Denmark	100%	500 DKK	480	(4)	(5)	480
ETC Transport Consultants GmbH	Germany	100%	1,790 EUR	22,859	665	641	22,859
Hjellnes COWI AS	Norway	70%	4,678 NOK	25,826	207	111	18,078
KX A/S	Denmark	100%	10,000 DKK	(17,534)	1,145	(1,007)	(17,534)
Matcon Rådgivende Ingeniørfirma A/S	Denmark	100%	500 DKK	1,720	2	3	1,720
MMS Norge AS	Norway	100%	100 NOK	67	(17)	(17)	67
Muusmann A/S Research & Consulting	Denmark	100%	834 DKK	6,131	1,759	1,517	6,131
SIA COWI Latvia	Latvia	100%	2 LVL	(104)	(125)	(125)	(104)
Studstrup og Østgaard A/S	Denmark	100%	1,125 DKK	2,847	290	173	2,847
Trondheim Avtalepartner AS	Norway	100%	101 NOK	9,699	1,800	2,492	9,699
"UAB COWI Baltic Consulting Engineers and Planners"	Lithuania	100%	200 LTL	3,105	689	840	3,105
						43,717	163,831
For companies with negative shareholders' funds, a set-off has been effected in amounts receivable						-	20,303
						43,717	**184,134**

All group enterprises are separate entities.

Note 7 Investments in associated enterprises

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
CAT Alliance Ltd.	UK	33%	100 GBP	730	32	11	241
Covitecma S.A.	Spain	25%	180 EUR	2,616	219	55	654
COWI A/S's investments in associated enterprises						66	895
Aviaplan AS	Norway	33%	100 NOK	991	-	-	327
ComputIT AS	Norway	46%	2,173 NOK	4,341	541	350	1,997
SDC ANS	Norway	50%	268 NOK	268	45	133	134
Lista Flypark AS	Norway	50%	100 NOK	(2,336)	(32)	-	-
Synkarion AS	Norway	34%	100 NOK	226	-	(8)	77
Team St. Olav ANS	Norway	48%	2,779 NOK	2,779	2,132	1,076	1,334
Interconsult Bulgaria Limited	Bulgaria	50%	2.67 USD	2,046	260	132	1,023
Hunan Qunshan Water Treatment Equipment Co. Ltd.	China	28%	1,660 RMB	-	-	-	-
Zeolite Investments (Private) Limited	Zimbabwe	35%	0.1 ZWD	413	-	-	-
Interconsult Zimbabwe (Private) Limited	Zimbabwe	35%	200 ZWD	62	-	-	-
Trondheimslaget ANS	Norway	34%	1 NOK	-	-	(136)	-
IC Malawi	Malawi	33%	60 MWK	330	-	-	-
						1,613	**5,787**

Note 8 Financial income

Parent Company 2004	Parent Company 2005	DKK '000	Group 2005	Group 2004
7,143	7,313	Interest, cash at bank and in hand and securities etc.	9,310	8,408
3,826	3,300	Interest, group enterprises	-	-
7,205	15,656	Realised and unrealised capital gains, investments	15,935	7,734
4,519	2,793	Foreign exchange gains	4,211	7,783
22,693	**29,062**	**Financial income**	**29,456**	**23,925**

Note 9 Financial expenses

Parent Company 2004	Parent Company 2005	DKK '000	Group 2005	Group 2004
(3,648)	(2,674)	Interest, bank and mortgage debt etc.	(5,560)	(6,513)
(635)	(1,075)	Interest, group enterprises	-	-
(3,138)	(1,668)	Realised and unrealised capital loss, investments	(995)	(3,556)
(4,181)	(3,960)	Foreign exchange losses	(4,902)	(8,903)
(11,602)	**(9,377)**	**Financial expenses**	**(11,457)**	**(18,972)**

Note 10 Tax on profit for the year

Parent Company 2004	Parent Company 2005	DKK '000	Group 2005	Group 2004
-	-	Current tax	(4,088)	(5,851)
(1,506)	(3,045)	Current tax, foreign project offices	(3,045)	(1,506)
(20,269)	(25,478)	Deferred tax	(33,178)	(26,843)
-	-	Tax in associated enterprises	-	-
(11,703)	(11,493)	Tax in group enterprises	-	-
-	10,460	Change of deferred tax due to reduction of Danish corporation tax rate	10,460	-
(126)	7,976	Adjustment in respect of previous years	7,976	(126)
(33,604)	**(21,580)**	**Tax on profit for the year**	**(21,875)**	**(34,326)**

to be continued

Note 10 Tax on profit for the year (continued)

Parent Company 2004	Parent Company 2005	DKK '000	Group 2005	Group 2004
		broken down as follows:		
(33,604)	(21,580)	Tax on profit on ordinary activities	(21,875)	(34,326)
-	-	Tax on profit on extraordinary activities	-	-
(33,604)	(21,580)	Tax on profit for the year	(21,875)	(34,326)
-	-	Tax on movements in shareholders' funds	-	-
(33,604)	**(21,580)**	**Total tax on profit for the year**	**(21,875)**	**(34,326)**
		Tax on profit on ordinary activities can be broken down as follows:		
(28,255)	(37,650)	Tax on profit on ordinary activities before tax calculated at 28% (2004: 30%)	(38,270)	(29,012)
(4,264)	(1,443)	Adjustment in proportion to 28% (2004: 30%) of tax calculated in foreign group enterprises	(1,443)	(4,264)
		Tax effect from:		
(2,147)	(2,639)	Book amortisation of goodwill disallowed for tax purposes	(2,639)	(2,147)
1,188	1,716	Other costs/other earnings disallowed for tax purposes	2,041	1,223
-	10,460	Change of deferred tax due to reduction of Danish corporation tax rate	10,460	-
(126)	7,976	Adjustment in respect of previous years	7,976	(126)
(33,604)	**(21,580)**		**(21,875)**	**(34,326)**
35.7%	**16.0%**	**Effective tax rate**	**16.0%**	**35.5%**

Note 11 Intangible fixed assets

Group

DKK '000	Goodwill and rights	Group goodwill	Software	Own-developed products	Total
Cost at 1 January 2005	1,395	304,946	53,594	24,091	384,026
Additions from acquisitions of group enterprises	15,020	16,731	-	-	31,751
Additions	-	-	5,865	7,295	13,160
Disposals	-	-	(556)	-	(556)
Cost at 31 December 2005	16,415	321,677	58,903	31,386	428,381
Amortisation and writedowns at 1 January 2005	1,038	76,026	42,798	14,872	134,734
Additions from acquisitions of group enterprises	1,223	-	-	-	1,223
Amortisation	407	15,705	6,132	14,953	37,197
Disposals	-	-	(439)	-	(439)
Amortisation and writedowns at 31 December 2005	2,668	91,731	48,491	29,825	172,715
Carrying amount at 31 December 2005	**13,747**	**229,946**	**10,412**	**1,561**	**255,666**

Parent Company

DKK '000	Goodwill and rights	Group goodwill	Software	Own-developed products	Total
Cost at 1 January 2005	131,153	173,793	45,281	24,091	374,318
Additions	-	16,379	5,013	7,295	28,687
Disposals	-	-	(123)	-	(123)
Cost at 31 December 2005	131,153	190,172	50,171	31,386	402,882
Amortisation and writedowns at 1 January 2005	16,394	59,632	35,703	14,872	126,601
Amortisation	6,558	8,796	5,376	14,953	35,683
Disposals	-	-	(123)	-	(123)
Amortisation and writedowns at 31 December 2005	22,952	68,428	40,956	29,825	162,161
Carrying amount at 31 December 2005	**108,201**	**121,744**	**9,215**	**1,561**	**240,721**

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 January 2005	9,337	293,795	1,057	304,189
Additions from acquisitions of group enterprises	-	5,854	-	5,854
Additions	387	45,034	161	45,582
Disposals	(950)	(12,183)	(202)	(13,335)
Cost at 31 December 2005	8,774	332,500	1,016	342,290
Depreciation and writedowns at 1 January 2005	1,804	190,125	-	191,929
Additions from acquisitions of group enterprises	-	1,285	-	1,285
Depreciation and writedowns	259	36,850	-	37,109
Disposals	(421)	(5,559)	-	(5,980)
Depreciation and writedowns at 31 December 2005	1,642	222,701	-	224,343
Carrying amount at 31 December 2005	**7,132**	**109,799**	**1,016**	**117,947**
Of which assets held under finance leases at	-	11,996	-	11,996

At 1 January 2005, the official valuation of Danish properties with a carrying amount of DKK 4,049 thousand amounted to DKK 5,137 thousand.

Parent Company

DKK '000	Land and buildings	Technical installations, operating and other equipment	Assets in course of construction	Total
Cost at 1 January 2005	5,244	188,742	296	194,282
Additions	-	25,894	161	26,055
Disposals		-	(9,426)	(9,426)
Cost at 31 December 2005	5,244	205,210	457	210,911
Depreciation and writedowns at 1 January 2005	1,071	115,645	-	116,716
Depreciation and writedowns	124	23,708	-	23,832
Disposals	-	(7,911)	-	(7,911)
Depreciation and writedowns at 31 December 2005	1,195	131,442	-	132,637
Carrying amount at 31 December 2005	**4,049**	**73,768**	**457**	**78,274**
Of which assets held under finance leases at	-	11,996	-	11,996

At 1 January 2005, the official valuation of Danish properties with a carrying amount of DKK 4,049 thousand amounted to DKK 5,137 thousand.

Note 13 Fixed asset investments

Group

DKK '000	Investments in associated enterprises	Other investments and participating interests	Total
Cost at 1 January 2005	6,194	6,343	12,537
Additions	1,732	244	1,976
Disposals	(1,667)	(1,412)	(3,079)
Cost at 31 December 2005	6,259	5,175	11,434
Revaluations at 1 January 2005	974	24	998
Additions	55	121	176
Disposals	(518)	-	(518)
Revaluations at 31 December 2005	511	145	656
Writedowns at 1 January 2005	1,106	897	2,003
Additions	658	218	876
Disposals	(781)	(693)	(1,474)
Writedowns at 31 December 2005	983	422	1,405
Carrying amount at 31 December 2005	**5,787**	**4,898**	**10,685**

Parent Company

DKK '000	Investments in group enterprises	Investments in associated enterprises	Loans to group enterprises	Other investments and participating interests	Total
Cost at 1 January 2005	124,188	1,144	18,745	809	144,886
Additions	8,866	-	1,077	-	9,943
Disposals	-	(589)	-	(693)	(1,282)
Cost at 31 December 2005	133,054	555	19,822	116	153,547
Revaluations at 1 January 2005	36,329	974	-	24	37,327
Additions	34,226	55	-	121	34,402
Disposals	(627)	(518)	-	-	(1,145)
Revaluations at 31 December 2005	69,928	511	-	145	70,584
Writedowns at 1 January 2005	21,288	952	-	581	22,821
Additions	1,591	-	-	112	1,703
Disposals	(4,031)	(781)	-	(693)	(5,505)
Writedowns at 31 December 2005	18,848	171	-	-	19,019
Carrying amount at 31 December 2005	**184,134**	**895**	**19,822**	**261**	**205,112**

Note 14 Contract work in progress, net

Parent Company			Group	
31 Dec 2004	31 Dec 2005	DKK '000	31 Dec 2005	31 Dec 2004
6,164,072	6,793,320	Selling price of work in progress	8,058,917	6,238,763
(6,315,550)	(6,956,799)	Amounts invoiced in advance	(8,193,952)	(6,349,554)
(151,478)	**(163,479)**	**Contract work in progess, net**	**(135,035)**	**(110,791)**
		Recognised in the balance sheet at:		
166,617	179,677	Contract work in progress	288,968	241,308
(318,095)	(343,156)	Amounts invoiced in advance	(424,003)	(352,099)
(151,478)	(163,479)		(135,035)	(110,791)

COWI A/S is a party to a number of working partnerships and has assumed joint and several liability for the liabilities of the working partnerships

At the end of the financial year, COWI A/S' liabilities through working partnerships of which COWI is the lead partner can be calculated as follows:

DKK '000	31 Dec 2005
Total amount contracted for in working partnerships to which COWI A/S is a party	1,742,245
Stage of completion of the working partnerships	88.67%
COWI A/S' share of amounts contracted for through working partnerships	629,312
COWI A/S' average stage of completion of own share of contract amounts	65.77%

Note 15 Net pension assets and net pension benefit obligations

The COWI Group's Norwegian group enterprises have arranged defined benefit plans for their employees.

In 2005 and 2004, this comprised the COWI AS Group and Hjellnes COWI AS.

DKK '000	31 Dec 2005	31 Dec 2004
Number of active/retired staff members covered by the benefit plan		
Active staff	623	635
Retired staff	87	80
Total Total number of active/retired staff members covered by the benefit plan	710	715
Net pension assets and pension benefit obligations		
Estimated pension benefit obligations at 31 December	(235,080)	(193,172)
Plan assets at 31 Decembe	186,343	149,792
Estimated fair value, net obligations as at 31 December	(48,737)	(43,380)

to be continued

Note 15 Net pension assets and net pension benefit obligations (continued)

DKK '000	31 Dec 2005	31 Dec 2004
Estimate/plan changes not recognised in the p/l account at the time of takeover	85,069	85,069
Estimate/plan changes at the time of takeover amortised in connection with retirement	(11,350)	(9,295)
Estimate/plan changes at the time of takeover amortised during the time of ownership	(12,574)	(8,207)
Foreign exchange adjustments of estimate/plan changes at the time of takeover	(7,002)	(9,676)
Estimate/plan changes not recognised in the p/l account during the time of ownership	31,762	13,368
Net plan assets and obligations at 31 December	**37,168**	**27,879**
recognised in the balance sheet as follows:		
Net pension assets at 31 December	38,403	29,210
Net pension benefit obligations at 31 December	(1,235)	(1,331)
	37,168	27,879
Total pension benefit obligation not recognised in the profit and loss account at 31 December	**85,905**	**71,259**
Specification of net pension benefit obligations recognised in the p/l-account:		
Pension earnings during the year	(12,094)	(11,187)
Interest expenses on accrued benefit obligations	(10,036)	(10,198)
Expected return on plan assets	9,062	9,427
Estimate and plan changes recognised in the profit and loss account	(4,785)	(4,000)
Other changes in benefit obligations	(1,362)	(703)
Total benefit obligations recognised in the profit and loss account at 31 December	(19,215)	(16,661)
Benefit calculations are based on the following financial assumptions:		
Discount rate	4.75%	5.50%
Expected return	5.50%	6.50%
Salary adjustments	3.00%	3.00%
Long-term health regulation	3.00%	3.00%
Pension adjustments	2.50%	3.00%
Expected voluntary redundancy before 40 years of age	4.00%	4.00%
Expected voluntary redundancy after 40 years of age	2.00%	2.00%
Discount rate applied at 31 December	4.75%	6.00%

Estimate changes and fluctuations are amortised over the expected remaining pension earnings period to the extent that they exceed 10 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 period (non-corridor approach).

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

Benefit obligations to present members of Management	(8,100)	(9,915)
Benefit obligations to former members of Management	(21,400)	(17,085)
Benefit obligations in COWI A/S	**(29,500)**	**(27,000)**
Benefit calculations are based on the following financial assumptions:		
Basis of determination	G-82	G-82
Discount rate	4.5%	4.5%
Future salary adjustment rates	2.5%	2.5%

Note 16 Prepayments

Parent Company 31 Dec 2004	Parent Company 31 Dec 2005	DKK '000	Group 31 Dec 2005	Group 31 Dec 2004
7,683	7,507	Insurance premiums	15,892	9,190
16,165	11,470	Rent	13,706	16,650
29,946	7,967	Other	12,546	32,181
53,794	**26,944**	**Prepayments**	**42,144**	**58,021**

Note 17 Own shares

DKK '000	Parent Company: Share capital percentage	Nominal value	Acquisition cost
Cost at 1 January 2005	0.0%	-	-
Additions for the year	0.2%	500	6,420
Disposals for the year	0.0%	-	-
Portfolio at 31 December	**0.2%**	**500**	**6,420**

Note 18 Current asset investments

Parent Company 31 Dec 2004	Parent Company 31 Dec 2005	DKK '000	Group 31 Dec 2005	Group 31 Dec 2004
42,708	49,904	Shares	49,925	42,708
118,153	132,430	Bonds	133,744	118,749
160,861	**182,334**	**Portfolio at 31 December**	**183,669**	**161,457**

Note 19 Shareholders' funds

The share capital consists of:

		31 Dec 2005 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**

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 2005	Group 31 Dec 2004
Minority interests at 1 January	10,888	15,309
Disposals and additions	-	(5,850)
Share of profit for the year	1,918	1,801
Exchange adjustment	122	(372)
Minority interests at 31 December	**12,928**	**10,888**

Note 21 Deferred tax

Parent Company 31 Dec 2004	Parent Company 31 Dec 2005	DKK '000	Group 31 Dec 2005	Group 31 Dec 2004
149,928	170,323	Deferred tax at 1 January	153,481	126,512
126	(7,907)	Reversal concerning previous years	(8,353)	126
-	(10,460)	Change of deferred tax due to reduction of Danish corporation tax rate	(10,460)	-
20,269	25,478	Deferred tax for the year	33,178	26,843
-	(5,523)	Transferred from group enterprises	-	-
170,323	171,911		167,846	153,481
		Recognised in the balance sheet as:		
-	-	**Deferred tax assets**	11,273	18,837
170,323	171,911	**Deferred tax**	179,119	172,318
170,323	**171,911**		**167,846**	**153,481**
		Deferred tax assets concerns:		
-	-	Intangible fixed assets	140	46
-	-	Tangible fixed assets	17,627	3,421
-	-	Fixed asset investments	-	174
-	-	Current assets	8,637	1,425
-	-	Provisions	23,475	4,876
-	-	Debts	7,124	3,044
-	-	Tax-loss carryforwards	18,910	18,420
-	-	Offset within legal tax entities and jurisdictions	(64,640)	(12,569)
-	**-**		**11,273**	**18,837**
		Deferred tax concerns:		
(685)	8,635	Intangible fixed assets	9,217	(685)
(13,588)	(14,639)	Tangible fixed assets	650	(13,056)
97	-	Fixed asset investments	-	97
204,738	200,041	Current assets	227,473	217,118
(20,239)	(18,860)	Provisions	6,416	(18,587)
-	(3,266)	Debts	3	-
-	-	Offset within legal tax entities and jurisdictions	(64,640)	(12,569)
170,323	**171,911**		**179,119**	**172,318**

Note 22 Other provisions

Parent Company 31 Dec 2004	Parent Company 31 Dec 2005	DKK '000	Group 31 Dec 2005	Group 31 Dec 2004
12,721	18,922	Guarantees at 1 January	23,935	13,020
6,201	6,848	Adjustment for the year	9,757	10,915
18,922	25,770	Guarantees at 31 December	33,692	23,935
-	7,596	Other provisions	19,744	20,792
18,922	**33,366**	**Other provisions at 31 December**	**53,436**	**44,727**

Note 23 Long-term debt

Parent Company			Group	
31 Dec 2004	31 Dec 2005	DKK '000	31 Dec 2005	31 Dec 2004
1,321	934	Long-term debt falling due after more than 5 years	934	1,321
6,607	7,930	Long-term debt falling due between 1 and 5 years	10,106	13,039
7,928	**8,864**	**Long-term debt at 31 December**	**11,040**	**14,360**

Note 24 Contingent liabilities, commitments and guarantees

Parent Company			Group	
31 Dec 2004	31 Dec 2005	DKK '000	31 Dec 2005	31 Dec 2004
		Contingent liabilities		
2,321	2,054	Lease commitments (operating leases)	18,986	14,761
278,801	233,511	Rental commitments in the period of termination	478,685	497,704
479,855	499,280	Recourse guarantees and performance bonds	499,845	564,424
42,189	40,046	Other guarantees and charges	93,101	86,839
		COWI A/S is liable for taxes on the Group's jointly-taxed income		
		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.		
		Guarantees		
		The following assets have been provided as guarantees to credit institutions:		
-	-	Account receivable, services at a carrying amount of	-	57,614
-	-	Technical installations, operating and other equipment at a carrying amount of	21,497	30,227

Furthermore, COWI A/S has a total guarantee facility of DKKm 718 million, of which DKK 499 million had been spent by 31 December 2005 on performance bonds relative to projects in progress.

Note 25 Related party transactions

The COWIfoundation owns all A shares in the Company and exercises a controlling influence on the Company. The COWIfoundation does not carry on any independent business, and no material transactions are conducted between COWIfoundation and the Company.

Apart from intercompany transactions and usual management remuneration, no transactions were made during the year with Board of Directors, Executive Management, management employees, principal shareholders, group enterprises or other related parties.

Note 26 Board of Directors and Executive Management

The Group'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), Danske Trælast A/S (MB), Auriga A/S (MB)	-
Knud E. Østergaard Hansen, Vice Chairman	Dansk Standard (MB)	17,900
Henrik Gürtler	Novo A/S (MD), Novozymes A/S (CB), Københavns Lufthavne A/S (CB), Brdr. Hartmanns Fond (MB), Novo Nordisk A/S (MB)	-
Niels Christian Nielsen	Danske Bank A/S (MB), Grundfos A/S (MB), Otto Mønsted A/S (MB), Oticon-Fonden (MB)	-
Majken Schultz	Danske Bank A/S (MB), Fonden Realdania (MB), Reputation Institute, New York (MB)	-
Anders Thyge Egeberg		900
Henriette R. Bundgaard*		2,100
Lars Rosholm*		6,600
Executive Management		
Klaus H. Ostenfeld, President, CEO		17,900
Keld Sørensen, Executive Vice President, Finance, CFO		1,300
Lars-Peter Søbye, Executive Vice President, COO Denmark		7,400
Henning H. Therkelsen, Executive Vice President, COO International		17,900

(CB) = Chairman of the Board of Directors
(MB) = Member of the Board of Directors
(MD) = Managing Director
(M) = Manager
*) Staff representatives

Note 27 Cash and cash equivalents

	Group	
DKK '000	31 Dec 2005	31 Dec 2004
Securities	183,669	161,457
Cash at bank and in hand	238,905	159,418
Cash and cash equivalents at 31 December	**422,574**	**320,875**
Committed undrawn credit facilities at 31 December not including guarantee facilities	197,763	267,266
Financial resources at 31 December	**620,337**	**588,141**

Statements on the Annual Report

Statement by the Board of Directors and Executive Management

Today, the Board of Directors and the Executive Management considered and approved the Annual Report for the financial year 1 January – 31 December 2005 of COWI A/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act. In our opinion, the accounting policies applied are appropriate and the accounting estimates made are adequate. Furthermore, we find the overall presentation of the Annual Report to be true and fair. In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, equity, financial position and results of the Group's and the Parent Company's activities and the Group's cash flows.

The Annual Report is recommended for approval by the Annual General Meeting.

Kongens Lyngby, 27 February 2006

Executive Management:

Klaus H. Ostenfeld
President, CEO

Keld Sørensen
Executive Vice President, Finance, CFO

Lars-Peter Søbye
Executive Vice President, COO Denmark

Henning H. Therkelsen
Executive Vice President, COO International

Board of Directors:

Ole Steen Andersen
Chairman

Knud E. Østergaard Hansen
Vice Chairman

Majken Schultz
Anders Thyge Egeberg
Niels Christian Nielsen

Henriette R. Bundgaard*
Henrik Gürtler
Lars Rosholm*

** Employee 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 January - 31 December 2005 (pages 6-55), prepared in accordance with the Danish Financial Statements Act.

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 2005 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 January - 31 December 2005 in accordance with the Danish Financial Statements Act.

Lyngby, 27 February 2006

PricewaterhouseCoopers
Statsautoriseret Revisionsinteressentskab

Torben Haaning
State Authorised Public Accountant

Jacob F Christiansen
State Authorised Public Accountant

Company information

COWI A/S
Parallelvej 2
DK-2800 Kongens Lyngby
Tel. +45 45 97 22 11
Fax +45 45 97 22 12
www.cowi.com
cowi@cowi.dk
Company Registration No.
CVR no. (DK) 44 62 35 28
Registered address: Kongens Lyngby

Board of Directors

Ole Steen Andersen, *Chairman*
Knud E. Østergaard Hansen,
Vice Chairman
Majken Schultz
Henriette R. Bundgaard
Anders Thyge Egeberg
Henrik Gürtler
Niels Christian Nielsen
Lars Rosholm

Executive Management

Klaus H. Ostenfeld, *President, CEO*
Keld Sørensen,
Executive Director, Finance, CFO
Henning H. Therkelsen,
Executive Director, COO International
Lars-Peter Søbye,
Executive Director, COO Denmark

Auditing

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

Annual General Meeting

The Annual General Meeting will be held on 20 April 2006 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.

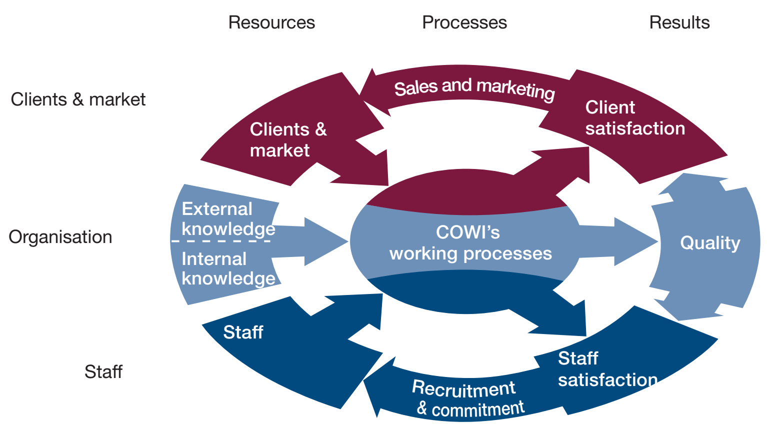
Ownership

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 SEB Trygg and Danica each owns DKK 4 million B shares, the employees own DKK 5.57 million, while the COWI Foundation owns DKK 0.68 million and COWI A/S the remaining DKK 0.5 million B shares.

Intellectual Capital Report 2005

COWI's knowledge cycle



Our most important resource is knowledge. Knowledge represents our intellectual capital, which we manage and develop dynamically at COWI, tracking and reporting on key aspects of this asset in our Intellectual Capital Report (ICR). This is the eighth annual ICR to be published in tandem with our financial annual report. Our competencies and knowledge areas chiefly comprise highly developed professional expertise and social competencies, vested both in our individual employees and in our corporate culture as a whole. These competencies cannot be measured directly, but come to the fore as the context dictates. The ICR therefore accounts not only for our knowledge resources but also for our knowledge processes and their results.

Our day-to-day corporate activities comprise a series of interacting processes which provide the framework within which we deploy our resources to execute tasks for clients and provide quality, to the satisfaction of clients and employees alike. Our reputation, which depends on this satisfaction, provides the basis for sales, recruitment and commitment in our daily work. This in turn allows us to continuously generate and improve our knowledge resources, thus creating a perfect circle. We call this circle COWI's knowledge cycle.

Head of Department Ejgil Veje has managed various tender projects abroad.

International projects require all-round talent

Around a quarter of COWI's employees with project management experience are capable of running international projects, but their tasks demand more than specialist knowledge alone. They must all have the ability to put themselves in other people's shoes, both socially and culturally. That's what Head of Department Ejgil Veje thinks. Ejgil Veje has managed a large bridge building project in India plus various tender projects in Chile, China and Pakistan. "You have to be prepared to dine with the client after work, and you have to be aware that the social codes can vary depending on the country," says Ejgil Veje. "In some countries you have to be tough and business-like, while in others you have to focus on creating a good working atmosphere. Compared to the culture in Europe, the Far East culture probably differs the most; before you can achieve good professional relationships you have to build trust through good personal relationships."

"The best way to achieve common goals abroad is through structured working processes. This is because many of the business meetings are informal," says Ejgil Veje. In COWI it is therefore customary to let the client know in writing how the project will be managed, and to provide monthly progress reports.

R&D Manager Sune From, chairman of COWI's Partnering Network.

Network offers good advice on partnering projects

Increases in COWI's professional networks over the last year bring the number from fifty-five to fifty-eight. All of these networks help to disseminate knowledge and improve efficiency. One of the networks is Partnering—a new way of collaborating. This network was founded two to three years ago and today comprises 15 employees primarily from the building sector. COWI has been one of the frontrunners in the development of the partnering model. Since the end of the 90s we have been involved in approximately 40 large and small partnering projects in Denmark.

"Partnering is currently very popular," says R&D Manager Sune From, chairing COWI's Partnering Network. "The Government's latest proposition suggests that public sector clients should consider the partnering model, so the parties involved in the project—typically the client, consultant, architect and contractor—will enter an agreement to complete the project as equal partners."

Employees can contact this informal network for advice on sparring, conflict solving and how to go about entering partnering agreements. The network also organises end-of-the-day meetings, where participants share their experiences on partnering.

Other networks in COWI include Goods Transport, Environmental Management, Activity Planning and Groundwater Protection.

Intellectual Capital Report 2005

RESOURCES

		Financial year 2005	2004	2003
CLIENTS & MARKET	1 Public clients	40%	49%	47%
	2 Semi-public clients	9%	8%	9%
	3 Private clients	42%	32%	34%
	4 Other clients	9%	10%	10%
	5 Number of clients	1,634	1,617	1,494
	6 Projects abroad	32%	31%	34%
	7 Clients abroad	19%	18%	17%
ORGANISATION	13 Professional networks, number (*)	58	55	56
	14 Staff participation in professional networks (*)	32%	21%	22%
	15 "Best practices on the Intranet", number (*)	1,022	978	965
	16 Projects/employee, number	18	17	14
	17 Ongoing projects, number	5,326	4,958	5,016
	18 Average turnover/employee (DKK '000)	1,167	1,197	1,148
STAFF	29 Number of employees	1,879	1,923	1,960
	30 Average age	44.5	44.1	44.0
	31 Length of education, year	6.3	6.3	6.2
	32 Length of education, written down, year	4.1	4.2	4.1
	33 Employees with highest education (PhD, etc).	4.1%	4.0%	4.0%
	34 Higher education; technical	54%	54%	52%
	35 Higher education; natural sciences	5%	5%	5%
	36 Higher education; social sciences	9%	9%	9%
	37 Other higher education	5%	5%	5%
	38 Work experience, year	17.2	16.9	16.2
	39 Seniority in COWI, year	10.9	10.6	10.1
	40 Project management capacity, all projects	61%	61%	59%
	41 Project management capacity, major projects	40%	39%	36%
	42 Project management capacity, int. projects	26%	25%	25%
	43 International travelling experience in COWI	25%	23%	22%

PROCESSES

		Financial year 2005	2004	2003
CLIENTS & MARKET	8 Lectures/100 employees, number (**)	12	10	17
	9 Professional publications/100 employees, number (*)	9	7	12
ORGANISATION	19 Inter-disc. cooperation; technical	15%	15%	16%
	20 Inter-disc. cooperation; natural sciences	51%	51%	51%
	21 Inter-disc. cooperation; social sciences.	45%	48%	46%
	22 Trade within COWI Group (*)	8.6%	11.4%	12.9%
	23 Staff exchange within COWI Group	0.2%	0.3%	0.5%
	24 Long-term postings	7.9%	7.3%	7.9%
	25 Development activity, externally financed	6.3%	7.0%	5.8%
	26 Development activity, internally financed	1.0%	1.0%	0.9%
STAFF	44 Supplementary education (*)	0.8%	0.6%	0.6%
	45 Travelling activities abroad	6.8%	7.0%	6.0%

RESULTS

		Accounts 2005	2004	2003
CLIENTS & MARKET	10 Client inflow (**)	30%	21%	13%
	11 Client outflow (**)	20%	13%	21%
	12 Media exposure, millions, number (**)	n/a	185	120
ORGANISATION	27 QA audits/100 employees, no. (**)	4.6	4.4	4.1
	28 Costs attributed to external errors (**)	0.4%	0.2%	0.1%
STAFF	46 Staff inflow (**)	11%	11%	12%
	47 Staff outflow (**)	13%	13%	12%
	48 Staff satisfaction index (*)	n/a	67.8%	n/a
	49 Sick leave	2.5%	2.5%	2.2%
	50 Staff owning COWI shares (*)	42%	45%	46%
	51 Engineering students' preferred place of work, rank. (*)	n/a	7/2	n/a
	52 Business students' preferred place of work, rank (*)	n/a	42/9	n/a
	53 Employee flexibility	6%	n/a	6%
	54 Company flexibility	6%	n/a	6%

Clients and market

1-4 Share for the year of 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 for the year of project manhour costs spent on projects with location/recipient outside Denmark.

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

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

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

10 Share of clients for the years – brand new or former clients for whom COWI did not work the previous year. The number refers to the number of clients at the end of last year.

11 Share of clients from last year 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 InfoMedia.

Organisation

13 Number of registered internal professional networks at corporate or business unit 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 ongoing external projects.

18 Average budgeted fee (in DKK 1,000) per project—excl. VAT and reimbursables. 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 group and associated enterprises. Most trading within the COWI Group is with Kampsax A/S and associated enterprises. Apart from Indicator recorded as of 30.09.2005.

23 Share of employees posted to a foreign group or associated enterprise in the COWI Group or vice versa.

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

25-26 Overall development activity on external and internal projects compared with 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—i.e. errors and omissions discovered after project approval.

Staff

29-30 Number of employees and their average age.

31 Average official duration of education following 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 MSc.

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 formal 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 of a value greater than DKK 1 million.

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

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

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

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

46-47 Inflow and outflow of employees in the year compared with number of employees by the end of the accounting year, incl. project employed staff.

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 2005, the satisfaction index was not measured.

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. Not recorded in 2005.

52 COWI's ranking by students at business colleges and social sciences as preferred workplace according to Universum survey. No. overall/consultants. Not recorded in 2005..

53 Working hours over and above the standard number of hours in relation to the daily norm. Every individual day of the settlement period is analysed.

54 Working hours below the standard number of hours in relation to the daily norm. Every individual day of the settlement period is analysed.

General

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

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

Accounting policy

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

D. The accounting period follows the financial year – 1 January to 31 December.

E. In 2003, the accounting period covered eight months. To facilitate comparison with previous 12-month account periods, a number of indicators—marked (**)—have been extrapolated with factor 1.5.

F. The ICR is designed in the same manner as that for 2004, i.e. according to legal entities, staff, clients and companies, and according to what we possess (resources), what we do (processes) and the effect of what has been done (results).

G. All clients, projects and staff with a contractual relationship with COWI are included, irrespective of geographical location or form of contract, excluding staff at local offices outside Denmark

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

I. A few indicators have been adjusted and/or redefined relative to 2003. To enable comparison, these indicators have been recalculated for 2002/2003 and 2003. Exceptions to this are stated in the relevant notes.

J. Data is collected and consolidated for a period after the end of the accounting year, after which the ICR is closed. The last indicators as of 10 February 2005.

K. The ICR includes post-entries for the 2004 accounting period. Transactions for 2005, which have not been recognised, will be post-entered in 2006.

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

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

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

(*) See Note H
(**) See Note E

Engineering skills and modern socio-economic analyses

COWI provides 33 consultancy services within six business areas

COWI's consultancy services are based on the three Es: Engineering, Environmental Science and Economics. Although engineering remains the main component of the majority of our services, economics and the environment now play a highly significant role for the business, something which is unique in our sector.

COWI's consultancy services are extensive: from classical engineering through the environment to modern socio-economic analyses. These are the skills we bring to bear when we provide consultancy on socio-economic infrastructure: How do we complete the project, what consequences does it have for the environment, and what will it cost to implement?

International profile

As early as the 1930s, COWI's founder, Christen Ostenfeld, was acquiring engineering knowledge from abroad. In the 1970s, our services expanded into traffic planning and the environment. In the 1980s, we added social sciences to our portfolio. This was new and innovative thinking, an approach which has characterised the history of our policy. Most recently, we have expanded into geographical information and mapping. We offer our members of staff the opportunity to develop professionally, culturally and linguistically in other countries. We are well known for developing groundbreaking strategies, and we apply the latest research from around the world.

Interdisciplinary strengths

When COWI's skills complement each other, we create synergy and total solutions for our clients.

Our strength lies in our extensive, shared network. We understand each other across diverse areas of work, national borders and educational backgrounds, and collaborate effortlessly on multidisciplinary projects. This means that our clients benefit from high quality services at affordable prices, and that responsibility for resolving a problem, however complex it may be, resides in one place.

33 services

Based around Engineering, Environmental Science and Economics we offer 33 services within six business areas: Nature, Society, Transport, Buildings, Industry and Utilities. All services have one thing in common: they must be of the highest possible quality, by national as well as international standards. Our daily "quest for quality" is so important that it is written into the company's mission statement.

COWI's six business areas

Nature

Nature in focus. We provide consultancy on the management of natural resources, environmental policy and regulation, environmental protection and coastal engineering.

Society

Mapping along with planning and development at the community level. We provide consultancy on welfare economics and services, public administration, social development and HRD, urban and regional development, development assistance, cadastre and land administration, geographical information systems and IT as well as mapping.

Transport

From planning to completed infrastructure. We provide consultancy on transport planning and management, roads, airports, railways and metros, tunnels, bridges, ports and marine structures.

Buildings

The construction process from idea to operation. We provide consultancy on residential buildings, educational buildings, hospitals and health service buildings, cultural and sports buildings as well as commercial buildings.

Utilities

Efficient utilities and better operation. We provide consultancy on waste, water and wastewater, energy planning and systems and telecommunications.

Industry

Development and production optimisation. We are the industry's partner from concept to operation, as well as during acquisition, disposal and decommissioning. We provide consultancy on industrial buildings, production and processing plants, oil and gas, the environment, working environment and health and safety, and on environmental and social due diligence.

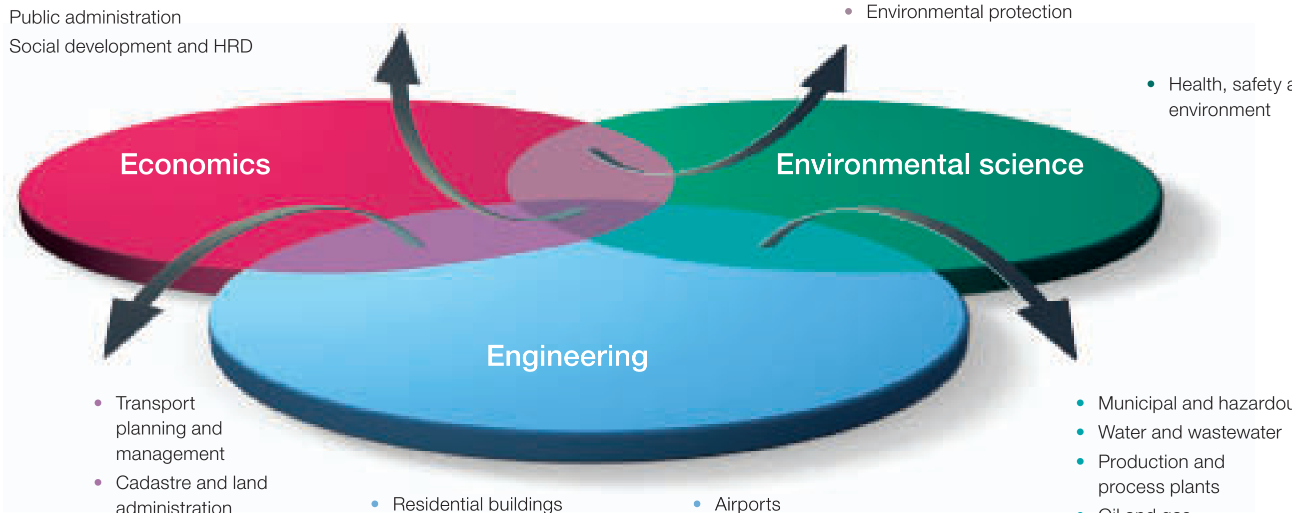
COWI's services

- Development assistance
- Urban and regional development
- Environmental and social due diligence
- Geographical information systems and IT
- Mapping
- Energy planning and systems

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

- Environmental policy and regulation
- Natural resources management
- Environmental protection

- Health, safety and environment



- Transport planning and management
- Cadastre and land administration

- Municipal and hazardous waste
- Water and wastewater
- Production and process plants
- Oil and gas
- Coastal engineering

- Residential buildings
- Educational buildings
- Hospitals and health buildings
- Cultural and sports buildings
- Industrial buildings
- Commercial buildings
- Roads

- Airports
- Railways and metros
- Tunnels
- Bridges
- Ports and marine structures
- Telecommunications

COWI currently provides 33 services based on Engineering, Environmental science and Economics.

COWI worldwide

COWI's organisational group structure

Board of Directors

Executive Board

Central Services

DK-regions

Economics and Management	MUUSMANN; COWI Moscow; COWI Group Belgium; COWI Hungary; COWI Belgrade; COWI Anadolu
Development Planning	COWI Uganda Ltd.; COWI Zambia Limited
Water and Environment	COWI Latvia SIA
Geographical Information and IT	Kampsax India; Caribersa, Spain; COWI AB, Sweden; COWI de El Salvador SA de CV
Railways, Roads and Airports	COWI Tanzania
Bridge, Tunnel and Marine Structures	Ben C. Gerwick; COWI Korea; Buckland & Taylor
Building and Operation	
Industry and Energy	COWI Consulting Beijing Co. Ltd.
COWI Norway	Interconsult Bulgaria
Hjellnes COWI	
COWI Almoayed Gulf	
ETC	
COWI Baltic	

Subsidiaries

Regions:
North Jutland
Mid Jutland
South Jutland
Funen

COWI Group 31 December 2005

Employees – B-shares

COWIfoundation – A-shares

SEB Trygg Liv og Danica – B-shares

Danish Offices

Lyngby *(head office)*
Esbjerg
Holstebro
Kolding
Odense
Silkeborg
Svendborg
Vejle
Viborg
Århus
Aabenraa
Aalborg

Offices abroad

Kuwait
Korea
Norway
Qatar

Wholly and partly owned companies

COWI AS
Oslo, Norway (100%)

Hjellnes COWI AS
Oslo, Norway (70%)

COWI AB
Gothenburg, Sweden (100%)

ETC Transport Consultants GmbH
Berlin, Germany (100%)

SIA COWI Latvia
Riga, Latvia (100%)

UAB COWI Baltic Consulting Engineers and Planners
Vilnius, Lithuania (100%)

Moscow Representative Office of COWIconsult International Ltd.
Moscow, Russia (100%)

COWI Hungary Ltd.
Budapest, Hungary (100%)

COWI Belgrade Ltd.
Belgrade, Serbia (100%)

COWI Belgium SPRL
Brussels, Belgium (100%)

Kampsax International SPRL
Brussels, Belgium (100%)

Caribersa S.L. & Eurocarto S.A.
Madrid, Spain (100%)

COWI Anadolu
Ankara, Turkey (100%)

COWI-ALMOAYED GULF W.L.L.
Manama, Bahrain (49%)

COWI & Partners LLC
Ruwi, Oman (65%)

COWI Uganda Ltd.
Kampala, Uganda (100%)

COWI Consulting Engineers and Planners Ltd.
Dar-es-Salaam, Tanzania (100%)

COWI Zambia Limited
Lusaka, Zambia (100%)

Kampsax India Private Limited
New Delhi, India (76%)

COWI Consulting (Beijing) Ltd. Co.
Beijing, China (100%)

COWI Korea Co., Ltd.
Seoul, Korea (60%)

Buckland & Taylor Ltd.
Vancouver, Canada (100%)

Ben C. Gerwick, Inc.
San Francisco, USA (94,5%)

COWI de El Salvador, S.A. de C.V.
San Salvador, El Salvador (100%)

CAT Alliance Ltd.
London, England (33,3%)

Covitecma S.A.
Madrid, Spain (25%)

IC Bulgaria
Sofia, Bulgaria (50%)

Norsas AS
Oslo, Norway (100%)

BRUUN & SØRENSEN ENERGITEKNIK AS
(100%)

COMAR Engineers A/S
(100%)

DANPORT The Danish Port Consultancy Group
(100%)

KX A/S
(100%)

MATCON Rådgivende Ingeniørfirma A/S
(100%)

Studstrup & Østgaard A/S Rådgivende Ingeniørfirma
(100%)

MUUSMANN A/S Research & Consulting
(100%)

COWI's management

Board of Directors

Ole Steen Andersen,
Chairman

Knud Østergaard Hansen,
Vice Chairman

Anders Thyge Egeberg

Niels Christian Nielsen

Henrik Gürtler

Majken Schultz

Lars Rosholm,
Staff Representative

Henriette Bundgaard,
Staff Representative

Executive Board

Klaus H. Ostenfeld,
President, CEO

Lars-Peter Søbye,
Executive Vice President,
COO Denmark

Henning H. Therkelsen,
Executive Vice President,
COO International

Keld Sørensen,
Executive Vice President,
Finance, CFO

Vice presidents

Stig P. Christensen,
Vice President,
Economics and Management

Jan M. Kieler,
Vice President,
Development Planning

Mogens Heering,
Vice President,
Water and Environment

Rasmus Ødum,
Vice President,
Geographical Information
and IT

Peter Hostrup Rasmussen,
Vice President,
Railways, Roads
and Airports

Anton Petersen,
Vice President, Bridge,
Tunnel and Marine Structures

Henrik Rossen,
Vice President,
Building and Operation

Birgitte Brinch Madsen,
Vice President,
Industry and Energy

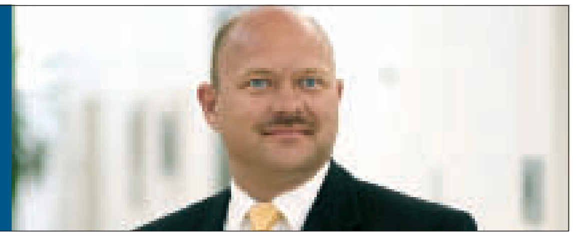
Christian Nørgaard Madsen,
Vice President,
COWI Norway

Regional directors in Denmark

Torben Søgaard Jensen,
Regional Director,
North Jutland

Ervin Nordahl Haukrogh,
Regional Director,
Mid Jutland

John Dyrlund,
Regional Director,
South Jutland



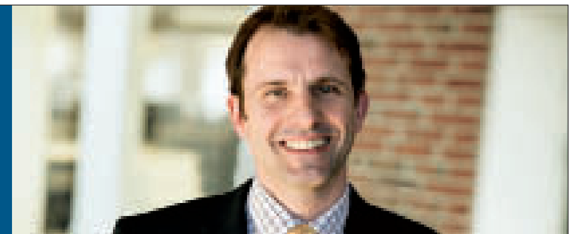
Henrik Theilgaard,
Regional Director, Funen

Subsidiaries and offices abroad - management

Robert Bittner, President,
Ben C. Gerwick Inc.,
USA

Anthony J. Carpenter,
General Manager,
COWI-ALMOAYED
GULF W.L.L., Bahrain

Jens Christoffersen,
Managing Director,
COWI Consulting Engineers
and Planners Ltd., Tanzania



Henrik Dalsgaard,
Managing Director,
COWI Consulting (Beijing)
Ltd. Co., China

Barbro Sørlid Engh,
Managing Director,
Norsas AS, Norway

Merih Kerestecioglu
Managing Director,
COWI Anadolu, Turkey

Andrius Koncius,
Managing Director,
UAB COWI Baltic,
Lithuania

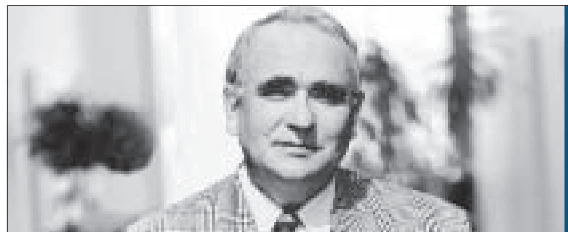
Man Seop Lee,
Managing Director,
COWI Korea Co., Ltd.,
Korea

Zsuzanna Lehoczki,
Managing Director,
COWI Hungary Ltd.,
Hungary

Michael Lorentzen,
General Manager,
COWI Belgium SPRL,
Belgium

Marco G. Malpiedi,
Managing Director,
SIA COWI Latvia, Latvia

Juan Antonio Martínez,
Managing Director,
Caribersa S.L., Spain



Rainer Obst,
Managing Director,
ETC Transport Consultants
GmbH, Germany

Mirko Radovanac,
Managing Director,
COWI Belgrade Ltd.,
Serbia

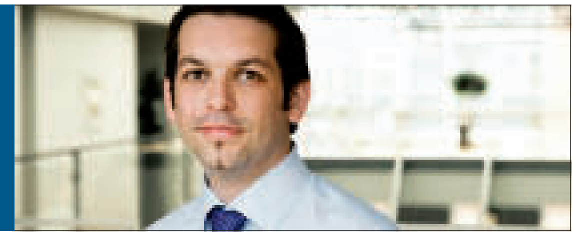
Pierre de Rancourt,
Managing Director,
Kampsax India Private
Limited, India

Ivar O. Schjetlein,
Managing Director,
Hjellnes COWI AS,
Norway

Sergey Stepanischev,
Managing Director,
Moscow Representative Office
of COWIconsult International
Ltd., Russia

Jorge Torrejon, President,
Buckland & Taylor Ltd.,
Canada

Jacob Ulrich,
Managing Director, COWI
Zambia Limited, Zambia



Marcus J. Wattam,
Managing Director,
COWI Uganda Ltd., Uganda

Raphael Zayat,
Managing Director,
Kampsax International
SPRL, Belgium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