

NTR Holding A/S Annual Report 2005



2005 ANNUAL REPORT

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ANNUAL GENERAL MEETING 2006

The ordinary general meeting of the company will be held on Wednesday the 26 April 2006, at 10.00 a.m. at the Radisson SAS Scandinavia Hotel, Amager Boulevard 70, DK-2300 Copenhagen S.

NTR Holding continues to grow



Niels Heering
Chairman of
The Board of Directors

The Board of Directors of NTR Holding is satisfied to announce a net profit for the year of DKK 19.4 million. Throughout the entire year we were able to maintain an expectation of a profit of around DKK 15 million, and despite a weak start during the first quarters of the year, a normalisation of earnings during the second half of the year made sure that this expectation was realised for the year.

The increase of 150% in the net profit compared to 2004 was generated primarily in the BPC Group, which doubled its profit for the year. There was also an improvement in the parent company's profit due to a higher management fee and lower costs.

The success of the BPC Group is based in particular on the factories in the United Arab Emirates, where the level of activity and earnings have now been normalised. The Group's newest factory in Qatar has continued to have a negative impact on the total profit figure, and the factory's start-up in the new market has generated higher costs than expected.

The BPC Group's markets are experiencing impressive growth, driven partly by increased earnings from the export of oil and gas. The list of new construction projects being launched is virtually endless. At the same time people are beginning to notice negative consequences of the high growth rate in the form of rising inflation and a risk of overheating.

The winding up of the Group's previous contracting activities in Germany is going to plan, and for the third year in succession this has not had any negative impact on the Group's profits. During 2005 the Group's external liabilities were reduced by 35% to a current level of DKK 36.1 million, and outstanding financial guarantees were reduced by 32% to DKK 27.9 million. It is expected that the winding up process will continue to have no negative impact on the NTR Group's financial results.

For 2006 the NTR Group expects to achieve a profit after taxes of DKK 20-25 million.



Group Highlights and Key Figures

Group Highlights (DKK million)	2001	2002	2003	2004	2005
Turnover	660	566	448	214	258
Operating profit (loss), continued operations	(19)	(6)	4	7	20
Impact on profit, discontinued operations	(80)	7	(12)	1	1
Financial items, net	3	(1)	(2)	(1)	(1)
Profit (loss) before tax	(96)	1	(10)	8	19
Net profit (loss)	(96)	2	(10)	8	19
Non-current assets	155	115	82	94	104
Current assets	514	385	314	206	257
Shareholders' equity	152	144	123	125	154
Invested capital including goodwill	202	155	100	100	150
Free cash flow for equity	(70)	(9)	(10)	(23)	(19)
Investment in tangible, non-current assets	49	38	22	18	16
Order backlog	176	154	120	167	321
Average number of employees	968	1,029	1,386	1,227	1,045

The annual accounts are prepared and presented in accordance with International Financial Reporting Standards (IFRS) as approved by EU and further Danish reporting requirements. The annual accounts are the first complying with the IFRS Standards, and comparative figures for 2004 have been restated correspondingly. Key figures for 2001 - 2003 have not been restated in accordance with the IFRS Standards, as the effect of changes in recognition and measurement are estimated to be limited. From 2004 jointly controlled entities are recognised in the Group financial statements using pro-rata consolidation. Comparative figures for previous years have been restated correspondingly.

Key figures (DKK million)	2001	2002	2003	2004	2005
EBIT margin (%) ¹⁾	(2.8)	(1.0)	1.0	3.5	7.7
Return on invested capital incl. goodwill (%) ²⁾	(8.9)	(2.2)	3.4	7.5	15.9
Return on equity (%)	(48.3)	1.1	(7.3)	6.3	13.9
Equity ratio (%) ³⁾	22.8	28.8	31.0	41.6	42.8
Gearing of operating activities	1.3	1.1	0.8	0.8	1.0
Equity per share (DKK)	82	77	66	67	83
Market price B-shares (DKK)	52	30	42	53	109
Market cap (DKK million)	97	56	78	99	204
Dividend per share (DKK)	0	0	0	0	0
Average number of shares, diluted (1,000)	1,957	1,868	1,868	1,868	1,879
EPS, actual and diluted (DKK)	(49)	1	(5)	4	10
PE ratio, actual and diluted	-	35	-	13	11
Adjustment factor	1.00	1.00	1.00	1.00	1.00

1) Operating profit (loss), continued operations / turnover

2) Operating profit (loss), continued operations * (1 minus average tax rate) / average invested capital incl. goodwill

3) Equity / total assets

Other key figures are calculated in accordance with the 2005 Guidelines from The Danish Society of Financial Analysts

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2005 IN BRIEF

The NTR Group's net profit in 2005 was DKK 19.4 million, which is 150% higher than achieved in 2004.

The BPC Group constitutes the primary activity in the NTR Group, and the net profit here was DKK 15.5 million, compared to DKK 7.7 million in 2004. This profit was achieved despite the fact that the Group's newest factory in Qatar had a negative impact in connection with startup costs. The situation is expected to improve in 2006, meaning that there is expected to be a further improvement in profits in 2006.

The Group's net sales increased by 21% in 2005 to DKK 258.0 million as a result of increased activity in the BPC Group's companies.

The winding up of the former contracting activities in R+S Baugesellschaft has continued as planned and has had no negative impact on the Group's profits. Exposure was reduced by bringing down both assets and liabilities.

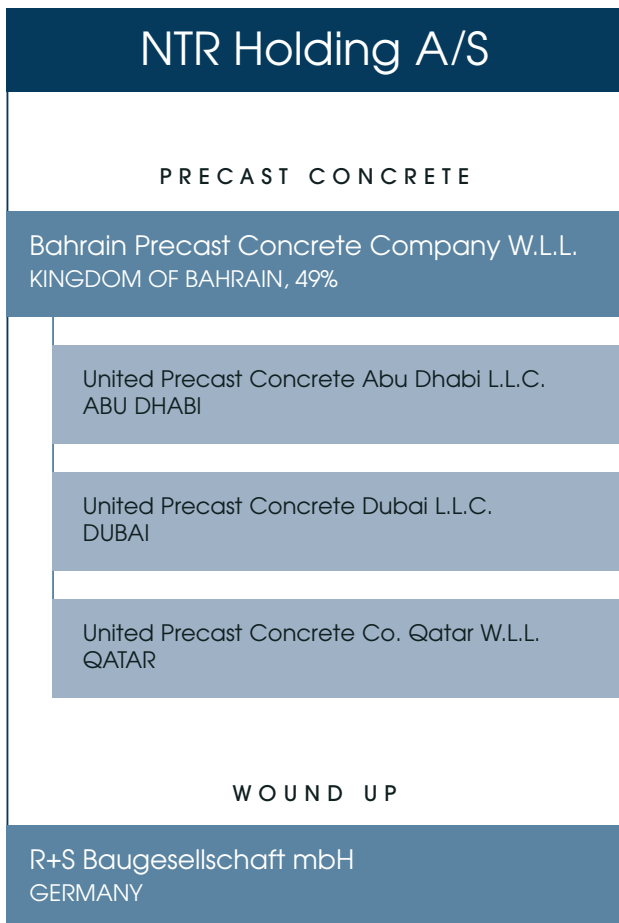
In 2006 the NTR Group expects to achieve a profit before and after taxes of DKK 20-25 million, and net sales are expected to increase to DKK 300-350 million.

The current boycott of Danish products in certain Arabic countries has not affected the BPC Group's activities, nor is it expected to do so in future.

Net sales and profit

(DKK million)	Net sales		Profit	
	2005	2004	2005	2004
NTR Holding A/S	5.4	4.2	3.9	0.3
BPC Group	255.3	211.5	15.5	7.7
R+S Baugesellschaft mbH	0.0	0.0	0.0	0.0





Group structure of March 2006. Companies without independant business activities are not included in the diagramme. Unless anything else stated the companies are wholly-owned.

The BPC Group

Shareholding: 49%
Group CEO: Tom Kjær

The BPC Group produces precast concrete at four factories in Bahrain, Dubai, Abu Dhabi and Qatar. All of these are countries around the Arabian Gulf that are experiencing significant economic growth, partly as a consequence of the high prices of oil and gas.

NTR Holding owns 49% of the BPC Group, which constitutes the most significant activity in the NTR Group.

The BPC Group experienced significant improvements in earnings, especially in the final months of the year. The profit for the year of DKK 15.5 million includes continued costs relating to the startup of the factory in Qatar, but this nevertheless represents a doubling of the Group's profit compared to 2004.

A further improvement in profits is expected in 2006, even if the factory in Qatar will continue to have a negative impact on the Group's profit as a whole, albeit to somewhat lesser extent than in 2005.

At the beginning of 2006 Danish products were hit by a boycott in a number of Muslim countries, including those in which the BPC Group operates. There has been no recognisable effect of the boycott on the BPC Group's activities, which is probably because the boycott is directed primarily against retail products and products imported from Denmark. Companies in the BPC Group also have a significant local profile due to the Arabic joint ownership and a relatively modest number of Danish employees.



The walls of the 6 residential buildings are covered by almost 8,000 insulated cladding panels from the factories in Dubai and Abu Dhabi. The client is Emaar Properties, one of the leading property developers of the region.

Bahrain Precast Concrete Company W.L.L.

Shareholding: 49%

General Manager: Göran Högberg

The segment result for Bahrain, i.e. the NTR Group's share of profit before interest and management fee, was DKK 6.6 million in 2005 (2004: DKK 6.8 million).

This downturn in the profit is due to a change in customer profile in the first half of the year, as the government's allocation of building permits for individual houses was restricted with a view to achieving a better structure in the overall development of the country's building stock. This reduction in sales to private building proprietors was compensated for by a satisfactory order input from commercial construction, but as such assignments have a longer planning phase before production starts, this shift meant less production of hollowcore slabs during the first half of the year.

The production of wall panels traditionally fluctuates more than production of hollowcore slabs, and here

too the company experienced low activity during the first few months of the year. The combination of low activity in both product groups was a coincidence.

The increase in activity for commercial orders for both hollowcore slabs and wall panels brought about an improvement in earnings during the second half of the year.

Despite modest income from oil and gas, Bahrain is experiencing an increase in construction. The country benefits from the generally high levels of income from energy exports in the region, and a number of current and future construction projects are being financed by investors from other countries in the region.

A satisfactory order stock makes it likely that the normalised earnings in the second half of the year 2005 will continue, and for this reason a higher profit is expected for 2006 in Bahrain.

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United Precast Concrete Dubai L.L.C.
United Precast Concrete Abu Dhabi L.L.C.

Shareholding: 49%

General Manager: Tom Kjaer

The BPC Group's factories in Dubai and Abu Dhabi are both included in the segment result for the United Arab Emirates, which was DKK 24.5 million, compared to DKK 14.4 million in 2004.

This was the result of improved profits in both factories. The most noticeable development was in the factory in Abu Dhabi, which in the previous year had reported a break-even figure due to an unfortunate order profile, as material costs rose dramatically. In 2005 they did not suffer any similar sudden price rises, and at the same time some of the production capacity was switched at the beginning of the year to hollowcore slabs, where the profit margins are considered better. Following a short running-in period for the new hollowcore slab production, the factory in Abu Dhabi reported satisfactory financial results in 2005.

The factory in Dubai also reported an improvement in results, primarily due to better capacity utilisation.

The market in Dubai in particular is experiencing a sustained construction boom, with continued high demand. During 2004 the total production capacity for precast concrete was unable to keep up with the increase in demand, and many building proprietors therefore switched to other solutions. This had the paradoxical effect that demand for precast concrete fell, as building proprietors feared that the industry would be unable to

deliver panels on time. This development also hit the BPC Group's factories at the end of 2004 and the beginning of 2005. During the year the situation improved and order input increased, which helped to achieve higher capacity utilisation and improved earnings.

The construction boom in Dubai is characterised by prestigious high-rise buildings, where hollowcore slab solutions are less competitive. Even if the projects might not be as eye-catching, the dramatic increase in construction on the whole means that there are also a number of construction projects where extreme heights are not involved, and here hollowcore slabs continue to be an attractive competitive option. The expanding market is attracting new players, and new competitors are therefore continuously appearing on the market, while existing ones expand their production capacity.

The factories of the BPC Group are now at almost full capacity utilisation, and additional, significant progress in net sales and profits will only become possible if production capacity is expanded. Consideration is currently being given to such investments.

The increased faith in precast concrete helped to generate an extremely satisfactory order input in the second half of 2005, and the factories in Dubai and Abu Dhabi are thus going into 2006 with an order stock that is more or less double its size at the beginning of 2005. As the factories are already close to full capacity utilisation, we do not expect any significant improvement in profits in 2006, when it must also be expected that the high level of economic activity will place inflationary pressure on production costs.



For the Media Centre building of British School, situated in Dubai Festival City, the Dubai factory has supplied wall panels and hollowcore slabs. External walls are cast in white concrete with exposed / sandblasted finish using marble.

In Dubai Festival City the Dubai factory is erecting around 60,000 sq meters of hollowcore slabs for a commercial building.



*Villa Rotana Executive Apartments is situated on the central Sheik Zayed Road in Dubai.
Delivery of columns and beams, hollowcore slabs and insulated wall panels.*

United Precast Concrete Company Qatar W.L.L.

Shareholding: 49%

General Manager: Kim Vestergaard

The startup of the BPC Group's newest factory in Qatar has been more problematical and generated higher costs than was expected at the beginning of the year.

The segment result for Qatar was a loss of DKK 7.5 million, compared to a loss of DKK 7.9 million in 2004. This result is unsatisfactory and is due to both external and internal circumstances.

The market in Qatar is characterised by very significant growth, driven by a strong increase in income from exports of natural gas. The expansion of the natural gas industry is causing major direct investments, at the same time giving rise to significant population growth, which is increasing the need for homes, shopping centres, public institutions, etc. Direct gas production only has limited potential as a customer for the BPC Group's precast concrete, whereas associated construction represents very attractive sales opportunities.

The very high level of economic activity in Qatar is unfortunately also leading in some instances to a shortage of materials and production capacity. In the sum-

mer of 2005 there was thus a shortage of cement, which had a direct impact on the factory's production. The factory was able to re-normalise production quickly by building up some backup stock, but the general shortage of cement continues to cause delays at construction sites, with the effect that they are not ready to install panels at the planned time. These delays have caused a build-up of stock at the factory, and production had to be cut back during the last few months of the year.

The high level of activity also gives rise to other bottlenecks. For example, there is a general shortage of cranes in the country, which means that the hire of cranes to install precast concrete costs about three times as much as in the United Arab Emirates.

During 2005 a number of measures were instigated to streamline the organisation, with a view to guaranteeing sufficient strength to bring the factory up to a satisfactory level of earnings. At the same time, the production capacity for hollowcore slabs was doubled in spring 2005, and it is therefore felt that the basis exists for a significant improvement in profits for 2006.

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R+S Baugesellschaft mbH

Management: Flemming Holrick

The NTR Group decided many years ago to wind up the former contracting activities in Germany, and provisions were made to cover the expected costs of this winding up process.

The winding up process involves the resolution of the final cases in which building proprietors have lodged claims against R+S Baugesellschaft in respect of the rectification of deficiencies in buildings already delivered. In addition to this, the company continues to work on the collection of receivables, where building proprietors are in some cases withholding significant amounts due to claims in respect of deficiencies in buildings. Finally, R+S Baugesellschaft has a small portfolio of newly constructed apartments, which are being sold on an ongoing basis.

The winding up process generated costs in 2005 to the order of DKK 1.5 million (2004: DKK 8.1 million), which corresponds to expectations and is thus covered by previous years' provisions. The winding up of these activities has thus not affected the NTR Group's financial results in the last three financial years, nor is it expected to do so in future.

The winding up of activities in R+S Baugesellschaft is illustrated by developments in the most important balance sheet items.

The properties for sale are seven apartments/terraced houses, most of which are situated in the Berlin

area. The apartments have been built as an element of larger construction projects. The sale of the remaining homes is moving slowly due to the weakness in the German economy and high unemployment, which are causing significant hesitancy.

Around 1/3 of the total receivables of DKK 52.7 million relate to one single debtor. Agreement has been reached to pay back most of this amount within the next three years. The receivable has been secured through a mortgage on a large office building. The remaining receivables are a reflection of the fact that building proprietors have withheld parts of the contract totals due to claims in respect of deficiencies in buildings. Attempts are being made to collect some of these receivables via the legal system, which unfortunately moves slowly in Germany.

The five biggest individual amounts of receivables represent DKK 51.3 million before general reservations. A total of DKK 26.0 million has been written down in respect of receivables, and the claims lodged are correspondingly higher.

R+S Baugesellschaft's liquid funds have for the most part been deposited as security for the company's limit for financial guarantees. The deposits are released as these guarantees are returned as deficiencies and guarantee cases are resolved.

When handing over a construction site, the contractor normally gives a five-year guarantee in Germany, and a number of claims have been lodged against the company in respect of deficiencies under such guarantees. At the end of the five-year guarantee period there is a



For University of Bahrain more than 2,300 insulated cladding panels in both white and coloured concrete are delivered. The project comprises 230,000 sq meters of hollowcore slabs as well. The entrance to the building is marked by a 5-storey high monument, totally erected in precast concrete.

The new library building of University of Bahrain is constructed with 12 meter high panels, which are inclining in both directions, in order for natural light to filter through.



The round shape of this commercial building in Bahrain is formed by 56 advanced wall panels, each following the curve of the building.

detailed inspection of the construction site, and R+S Baugesellschaft rectifies any deficiencies identified. When the case is finally settled, provisions are made for such rectification, which is why the normal rectification of deficiencies after five years has no impact on financial results. In instances where claims have been lodged for major repairs under guarantee, and where R+S Baugesellschaft considers that there is a certain risk that the company will incur costs for this, an actual provision is allocated, and such individual provi-

sions constitute the majority of the company's provisions of DKK 25.9 million at the end of 2005. Provisions were reduced by 43% during the course of 2005, partly due to the successful settlement of a major claim case, in which it was possible to repatriate a provision of DKK 9.2 million.

R+S Baugesellschaft settled its bank debt during the first half of 2005.

Other Group external commitments constitute claims lodged against R+S Baugesellschaft, where the

Balance sheet items and financial guarantees – R+S Baugesellschaft

DKK million	2003	2004	2005
Properties for sale	13.1	9.7	6.7
Receivables	72.1	58.6	52.7
Securities and liquid funds	13.9	9.3	8.9
Provisions	47.8	45.4	25.9
Bank debt	16.0	1.4	0.0
Other Group external commitments	20.5	9.0	10.2
Off balance financial guarantees	52.6	40.9	27.9

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company has not necessarily acknowledged the claim. It has not been possible to resolve a number of these claims as well as the other deficiency cases through negotiation, and they must therefore be resolved through the German legal system.

In connection with the hand-over of a construction site the contractor provides, as mentioned, a five-year guarantee, and to secure the building proprietor's claims a financial guarantee is lodged for a part of the contract total. These financial guarantees must be returned upon expiry of the guarantee period once the building proprietor's requirements have been fulfilled. Financial guarantees were reduced in 2005 by 32% to a current level of DKK 27.9 million. The original expiry date has been exceeded for most of the guarantees, but these are being withheld by the building proprietor in respect of additional claims about deficiencies. However, guarantees to the order of DKK 7.9 million do not expire until 2013, as a longer guarantee has been lodged for an individual building component.

NTR Holding has a significant amount owing from R+S Baugesellschaft, and is also responsible for payment under the financial guarantees.

NTR Holding A/S

Net sales in the parent company NTR Holding consist of a management fee from the BPC Group, while expenses are incurred for recruitment and administrative expenses. The company has additional financial net in-

come in connection with a loan to the BPC Group and holdings of securities.

Excluding the share in the profits of the BPC Group, NTR Holding recorded a net profit of DKK 3.9 million in 2005 (2004: DKK 0.3 million). This significant increase reflects a higher management fee as a consequence of improving results in the BPC Group. At the beginning of the year the adaptation of the organisation to the current level of activity was completed, and this has meant lower administrative expenses, while at the same time the profit figure was affected by income from previously written-off receivables to the order of DKK 0.9 million.

Financial items show net income of DKK 2.1 million (2004: DKK 1.5 million). This result is affected by exchange rate regulations on loans to the BPC Group, which were not fully covered in currency terms during the course of the year.

The profit for the year compared to expectations Throughout the whole of 2005 NTR Holding was able to maintain an expectation of a profit before and after taxes of around DKK 15 million. The companies in the BPC Group experienced a weak start to the year, but order input and other expectations indicated that the situation would improve, and a significant improvement in results in the second half of the year meant that expectations of the profit for the year were realised, with a net profit of DKK 19.4 million. The profit figure includes income of a one-off nature of around DKK 2 million.



A new IKEA hypermarket in Dubai is constructed using somewhat 1,500 columns and beams and app. 75,000 sq meters of 320 to 500 mm thick hollowcore slabs. This allows long spans securing large areas in the buildings without any columns.

With a large capacity for wall panels the factory in Abu Dhabi has made several villa projects during the year.



The Atrium building of the IKEA hypermarket is build using columns in various heights and hollowcore slabs. Afterwards the building is covered with glass, which is outside the scope of the BPC Group's activities.

Events after the end of the financial year
Between the end of the year and the present date, no circumstances have arisen to change the assessment of the annual report.

Expectations for 2006

In 2006 the NTR Group expects to achieve net sales of DKK 300-350 million. All of the factories in the BPC Group are contributing to increasing net sales. The biggest growth in net sales is expected at the factory in Qatar, where the expansion of production capacity will contribute towards increased activity. The expectations of net sales are supported by a satisfactory order stock of around DKK 300 million.

In 2006 the NTR Group expects to achieve a profit before and after taxes of DKK 20-25 million. As a result of the tax deficit in previous years, no tax will become due in 2006.

The BPC Group is expected to achieve a higher profit than in 2005, as the unsatisfactory profit situation at the factory in Qatar is expected to improve. The expensive startup of the factory has not yet been completed, so the Qatar factory is not expected to make a positive contribution to the Group's profit in 2006 either. Both at this factory and the other ones, increased

production costs may be expected that cannot be fully passed on to sales prices.

The NTR Group's profit in 2005 was also boosted by approx. DKK 2 million due to one-off circumstances, which are not expected to be repeated in 2006.

The continuing winding up of activities in Germany is not expected to affect the profit in 2006, as this process, as in previous years, is covered by existing provisions.

The expectation for 2006 has been based on an assumption that the exchange rate of the USD remains unchanged. Apart from the exchange rate, the most significant uncertainty factors in the profit expectation are changes in production costs for orders already accepted. Such changes can be caused by changes in the price of key raw materials (cement, sand & gravel and steel), and labour costs may also be affected, as the countries around the Arabian Gulf are experiencing inflationary pressure as a consequence of the high level of economic activity.

Finally, it is assumed that the current boycott of Danish products in a number of Arabian countries will not have an impact on the BPC Group's activities. The risk of such an effect is considered to be modest.

Accounting Report 2005

The annual accounts for 2005 are the first presented by the NTR Group in accordance with the international IFRS accounting standards.

The transition has not affected the Group's equity, and the profit is only affected to a minor degree, as unrealised fair value adjustments of held-for-sale securities are included directly in equity and are reversed via the profit and loss account once they are realised. As the NTR Group's securities have a short term, the new principles only mean a short delay in their inclusion in the profit and loss account.

For the parent company NTR Holding, the transition to the IFRS standards has had a significant impact, as there is a change in recognizing profit and shareholding of the jointly controlled BPC Group. Only dividends paid are recognized as earnings, and the shareholding is measured at the original cost price, which is a modest DKK 0.8 million, compared to the BPC Group's equity of DKK 88.8 million. The earnings and the added value in the BPC Group are thus not reflected in the parent company's accounts, but only in the consolidated accounts.

For a more detailed review of the effects of the transition to the IFRS standards, please refer to the section on accounting policies applied.

Profit and loss account

The NTR Group's net sales were DKK 258.0 million in 2005, compared to DKK 213.6 the previous year. The growth in net sales of 21% can be attributed to the increasing activity in the BPC Group, which represents by far the majority of the Group's net sales. The BPC Group's net sales are reported in local currencies, all of which are pegged to the US dollar. Net sales are included in the consolidated accounts at average exchange rates, which for 2005 were largely unchanged compared to 2004. The significant rise in the USD exchange rate did not therefore have an effect on the growth in net sales.

The gross profit was DKK 55.1 million (2004: DKK 44.3 million), and the contribution margin thus increased from 20.7% to 21.4%.

The Group's operating profit was DKK 20.6 million compared to DKK 8.4 million in 2004, and the profit before and after taxes was DKK 19.4 million (2004: DKK 7.8 million). The profit per share has therefore more than doubled to DKK 10.41 per share.



The project at American School in Dubai Festival City has included external and internal wall panels, hollowcore slabs, staircases and a number of other types of elements.

Precast concrete elements for boundary walls make a high degree of repetition possible. The factory in Bahrain has delivered this 3.6 km long wall around a large plot of land.



Sheikh Manna Bin Khalaf Al Maktoum Building in Dubai is a residential building for which 22,000 sq meters of hollowcore slabs have been delivered.

Balance sheet

The Group's balance sheet total at the end of 2005 was DKK 360.1 million (2004: DKK 300.3 million). This increase was caused largely by increased capital tied up in receivables in the BPC Group, while the figure at the end of 2004 benefited from unusually low amounts owing. In addition to this, the Group's non-current, tangible assets increased to DKK 86.0 million (2004: DKK 76.2 million) as a consequence of factory investments in, among others, Qatar.

Holdings of securities were reduced to DKK 30.5 million (2004: DKK 48.2 million). The securities are deposited as security for the Group's obligations, primarily in R+S Baugesellschaft, and are released as these obligations are reduced.

The Group's equity was DKK 154.3 million (2004: DKK 125.1 million). This increase includes the profit for the year of DKK 19.4 million, added to which there are exchange rate regulations of net assets in the BPC Group and R+S Baugesellschaft to the order of DKK 10.5

million (2004: DKK -5.4 million). Finally, equity is affected by small transfers of unrealised and realised fair value adjustments of securities.

While the increase in the USD exchange rate during the course of 2005 did not have any significant impact on the consolidated profit and loss account, the increase did have a significant positive effect on equity due to positive regulations of the net assets in the BPC Group.

At the end of 2005 solidity was 42.8%, compared to 41.6% at the end of 2004.

The increasing capital tied up in the BPC group is financed primarily via increased accounts payable and a small increase in the bank debt. On the other hand, the bank debt in R+S Baugesellschaft was finally settled in 2005, and there was a significant reduction in provisions for guarantee commitments.

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Cash flow statement

The consolidated cash flow statement has been significantly affected by capital tied up in operating capital, which is due mainly to the increased receivables in the BPC Group.

The cash flow in the parent company is also affected by increased lending to R+S Baugesellschaft to finance the winding up of the company. This winding up process involves the winding up of significant assets and liabilities, and delays in this process can have a significant impact on cash flow. It is expected that the winding up process will be able to continue and be concluded within the Group's current credit limits, but if an unfortunate delay should prevent this, the Group expects to be able to obtain the necessary financing.

Tax matters

For a number of years the NTR Group has been taxed jointly with R+S Baugesellschaft, which has meant that significant carry-over tax losses have been built up, and these can be carried forward to offset against future profits.

As from the tax year 2005, the rules for international joint taxation have been changed, and it is against this background that NTR Holding has decided to stop joint taxation in accordance with the transitional rules. It is not considered that the possible benefits in being able to carry forward tax deficits from R+S Baugesellschaft will be able to counterbalance the increased risk of retrospective taxation if NTR Holding's international joint taxation situation changes in future. This consideration also took into account the fact that the BPC Group operates in countries with no corporate taxation, and for this reason it is expected that NTR Holding's taxable income in future will be to the order of DKK 1-3 million, while R+S Baugesellschaft will continue to have a tax deficit.

At the end of 2005 NTR Holding has carry-over tax losses of DKK 35.1 million, which is not subject to any time limits for being carried forward. The carry-over tax losses are not capitalised due to uncertainty about when they may be utilised.



This residential building in Dubai Marina is covered by around 20,000 sq meters of wall panels. The surface is in white concrete with exposed white stones.

Markets

Bahrain

Despite relatively modest income from oil and gas, Bahrain is experiencing significant economic growth. This development is affected by general economic growth in the region, which is underpinned by the high prices of oil and gas.

This growth is resulting in the implementation of a number of major construction and civil works projects, which are extensively financed by foreign investors. A summary of all current and planned projects, combined with projects that are currently only on the drawing board, indicates a potential volume for construction and civil works projects in the next few years of around USD 25 billion.

Even if there is no guarantee for if and when all of these projects will be implemented, the prospects are

Bahrain – Selected market data

	2004
Population (000)	700
Population growth (%)	2.6
Gross Domestic Product (M USD)	9,505
Gross Domestic Product per inhabitant (USD)	15,294
Real growth in GDP (%)	5.5
Known oil reserves (million barrels)	126
Known gas reserves (billion m ³)	46
Standard & Poor's sovereign rating	A-

Note: Known oil and gas reserves are estimated
Source: MEED, London & CIA: The World Factbook

In Bahrain street sculptures are synonymous with BPC. Last example is this fountain in the heart of Manama City. After casting the coloured concrete elements they were polished with a specially made polishing machine.

good for the sale of Bahrain Precast Concrete's (BPC's) products in the coming few years.

The company's main product is hollowcore slabs, and in recent years it has been possible to maintain a market share of around 50%. In the light of increasing activity in the market, many of BPC's competitors have increased production capacity, and if the market share is to be maintained in the years ahead, production capacity will have to be increased, as the current capacity is effectively being fully utilised. The opportunities for investment in new production capacity are continuously being assessed.

Apart from hollowcore slabs, the company produces wall panels, which are primarily used for façades. These are supplied mainly to major commercial buildings, where there is a demand for a large number of uniform panels. The building of private houses in Bahrain has so far been dominated by residents building individual houses, where the use of wall panels is less attractive, as the necessary repetition factor cannot be achieved. The trend in Bahrain is towards the implementation of large residential projects, where wall panels will be competitive, and at present a new business area is therefore emerging for BPC. A significant increase in activity in this area will necessitate investments in new capacity.

United Arab Emirates

The United Arab Emirates consists of seven emirates, the most dominant ones being Dubai and Abu Dhabi. Dubai in particular has experienced an impressive building boom in recent years, and there are no indications that this will change in the years ahead. Large, ambitious projects are being launched all the time, and if all of the projects on the drawing board are includ-



Markets

ed, the potential value of current and future projects is around USD 200 billion.

Initiatives for the projects and the definition of over-all frameworks are often taken by companies owned by the government. Other investors are then invited to take part in the projects, at which point a broader base is created for financing. This also opens up the opportunity for the country's considerable earnings from the export of oil and gas to be channelled back to sectors including the construction industry.

Developments in Dubai in particular are being driven by a vision of transforming the emirate to become a natural centre for the whole region. Attempts are therefore being made to create attractive conditions for a large number of commercial activities in such areas as financing, trade and production, and there also continues to be strong investment in developing the tourist industry. This strategy involves major investments in both commercial and residential building, and major investments are also continuously being made in the infrastructure.

Growth in the area of residential building has been especially strong in recent years, and there is therefore a question mark as to whether this strong trend will be sustainable once the large number of projects has been completed and the final users of the residences have to be found. There is no doubt that both the residential and commercial markets are to some extent being driven by speculation, but there are nevertheless no indications that growth in the market is slowing down. With the large number of new projects already under way or expected to start in the years ahead, the prospect is that the building market will continue to have a high level of activity in the coming years.

United Arab Emirates – Selected market data

	2004
Population (000)	4,500
Population growth (%)	6.0
Gross Domestic Product (M USD)	103,216
Gross Domestic Product per inhabitant (USD)	22,937
Real growth in GDP (%)	7.4
Known oil reserves (million barrels)	97,800
Known gas reserves (billion m ³)	6,060
Standard & Poor's sovereign rating	na.

Note: Known oil and gas reserves are estimated
Source: MEED, London & CIA: The World Factbook

The second-largest market in the United Arab Emirates, Abu Dhabi, is also showing signs of increased growth in the construction sector. This trend became stronger after Sheikh Khalifa bin Zayed al-Nahyan took over control after the death of his father in late 2004. In Abu Dhabi too, ambitious projects are under way, which aim to attract commercial activities and expand tourism. Growth in Abu Dhabi is underpinned by the fact that the emirate contains most of the considerable energy reserves.

The BPC Group's factories in the United Arab Emirates have had high capacity utilisation for most of 2005, and as some of the many competitors are continuously extending production capacity, the BPC Group should invest in extra production capacity if it is to retain its current position as one of the leading suppliers of precast concrete. The opportunities for such expansion are constantly being assessed.



The 3 storey building is constructed using load bearing precast panels, meaning that the need for columns and beams is totally eliminated. BPC has delivered coloured wall panels, hollowcore slabs and staircases.

In larger building projects the load bearing beams and columns are often cast at the site, while the large areas of hollow core slabs are delivered from the BPC Group's four factories.



Qatar

The flourishing economy in Qatar is continuing, and significant growth in the gross domestic product (GDP) per inhabitant has quickly taken the country ahead of a number of western countries, and it is now one of the richest in the world measured in terms of GDP per inhabitant.

This high rate of growth is being created by expansion of the country's energy exports, not least natural gas. The energy sector was built up during the 1990s and the first part of the current decade, and at present long-term contracts for the delivery of natural gas have already been signed, and these will guarantee continued, strong growth in the country's production and income in the years ahead. This trend is reinforced by the high prices of oil and gas.

The expansion of the energy sector involves major investments in new extraction and processing facilities. Most of these kinds of investments are outside the BPC Group's business area, but the strong expansion brings with it significant immigration into the country, creating a demand for more investment in housing and a large number of related building projects, e.g. shopping centres, schools and hospitals.

At the same time Qatar has initiated a rapid programme of upgrading and expansion in areas such as education, culture, finance and tourism, and like other countries in the region it is now being made pos-

Qatar – Selected market data

	2004
Population (000)	700
Population growth (%)	6.0
Gross Domestic Product (M USD)	28,451
Gross Domestic Product per inhabitant (USD)	38,293
Real growth in GDP (%)	12.0
Known oil reserves (million barrels)	16,000
Known gas reserves (billion m ³)	14,410
Standard & Poor's sovereign rating	A+

Note: Known oil and gas reserves are estimated
Source: MEED, London & CIA: The World Factbook

sible for foreigners to buy real estate, with a view to further expanding residential areas in particular.

In spring 2005 the BPC Group's factory in Qatar doubled its production capacity for hollowcore slabs, and the factory has been designed for further increases in capacity as demand and the general development of the organisation justifies this. Such increases in capacity can be implemented at short notice, and thus contribute towards guaranteeing the factory a leading position in the field of precast concrete in Qatar.

Risks

COMMERCIAL RISKS

Market trends

Companies in the BPC Group operate in markets that are characterised by strong economic growth. This growth is underpinned by historically high prices of oil and gas, which form a significant element of the economies of the countries in question. A considerable, lasting change in energy prices would thus have a significant impact on economic developments in the countries in question. In the short term it is felt that a change would have a limited impact, as projects under way or about to start are planned on the basis of an energy price that is lower than current levels.

Raw materials

The most important raw materials for the production of precast concrete are cement, stone & gravel and steel.

In recent years companies in the BPC Group have experienced periods when the prices of one or more of these core raw materials increased dramatically, especially cement and steel, where both prices on the global market and local demand have an influence on the price level.

Agreements on the delivery of precast concrete are traditionally entered into at a fixed price, and increasing raw material prices therefore have a negative impact on the profitability of contracts already entered into. There is no tradition of including price regulation clauses in contracts.

In periods of high building activity there are no major problems in reflecting changes in raw material prices in new contracts. The risk is thus limited to contracts already entered into. All competitors operate under the same conditions, and changes in raw material prices do not therefore change the nature of internal competition.

The BPC Group tries to control the price risk of raw materials by entering into long-term delivery contracts, but during periods of significant price increases there is a risk that suppliers will not honour such agreements.

Apart from price changes, some of the BPC companies have occasionally experienced problems in obtaining sufficient quantities of the core raw materials. As these are raw materials that are used in large quantities, the factories are designed for continuous delivery of the raw materials in question. There are therefore only limited opportunities to build up a buffer stock. A lack of raw material deliveries has a direct impact on ongoing production, and during periods of high capacity utilisation it will be difficult to make up

for lost production once the supply situation has stabilised.

Companies also strive to achieve stable supplies of raw materials via long-term delivery contracts, but in periods of general shortage there is a risk that this will not solve the problem.

A shortage of core raw materials will typically have the same effect on all competitors, as all base their operations on ongoing deliveries.

Competition

The BPC Group's production of precast concrete is based primarily on technology that is widely available. The Group has been among the pioneers in all markets, after which many competitors followed suit, which is especially the case in Bahrain and the United Arab Emirates.

The market in Qatar is relatively new, and there are therefore fewer competitors. With the expected significant growth in building activity in Qatar, it must be envisaged that more competitors will become established in this market.

The BPC Group is investing in retaining and extending its competitive position in the various markets by continuously developing solutions that increase value added.

The companies' main product is hollowcore slabs, which are used as storey partitions. In Bahrain, several years' presence in the market has made it possible to create a unique competitive situation for hollowcore slabs, as an estimated 90% of all storey partitions are created using hollowcore slabs. There is therefore little competition from other products. As high-rise building represents an increasing proportion of the market, there is a risk that other slab solutions will take over part of the market. Total building in Bahrain is expected to increase in the years ahead, and for this reason it is still expected that there is a basis for increased sales of hollowcore slabs.

In the United Arab Emirates hollowcore slabs constitute a much lower proportion of the total market for storey partitions (= slabs). This is because other products were available on the market when the BPC Group started to introduce hollowcore slabs in the early 1990s. In the meantime hollowcore slabs have achieved a market share of 20-30% of the market as a whole, although this share has come under pressure in recent years because the existing precast concrete factories have not been able to keep up with the strong growth in the construction sector.

Hollowcore slabs have competitive advantages in terms of thickness, span, material consumption and



Mall of the Emirates is one of more new shopping malls in Dubai. Some 130,000 sq meters of hollowcore slabs up to 400 mm thick have been delivered.

building speed. But hollowcore slabs are not as competitive if a building has a lot of oblique angles and large openings between the storeys. Finally, precast concrete is not as suitable for very high buildings, partly because hollowcore slabs do not contribute towards the stability of buildings, and partly because there can be logistical problems at building sites with difficult access conditions. Even if the market in the United Arab Emirates is characterised by prestigious high-rise buildings, there are also many projects where the competitive benefits of hollowcore slabs can be utilised. There is not therefore considered to be a major risk that hollowcore slabs will lose out in competition with other slab solutions.

The building market in Qatar has only taken off seriously in recent years, and from the very outset there have been a relatively high number of projects that required hollowcore slabs. There is not considered to be a major risk that hollowcore slabs will not be able to retain a good market position in Qatar.

The companies' second largest product groups are façade panels and other wall panels. Façade panels are often included as a complementary product to hollowcore slabs, with the delivery of joint carcass solutions.

The alternative to precast concrete when building walls is either other materials, e.g. glass and steel, or

other concrete solutions where the walls are typically cast on site.

The competitive advantage towards other material solutions is primarily functional and architectonic, while competition with other concrete solutions is primarily a question of price/quality. Precast concrete normally has higher quality, yet at the same time it is often difficult to compete on price. Other solutions are more labour-intensive, and in the longer term it is believed that wage costs will increase more rapidly than material costs, which will contribute towards the competitive strength of precast concrete.

Receivables and guarantee commitments

When entering into contracts for the delivery of precast concrete, the terms of payment are one parameter, and for major contracts this will typically involve the BPC Group offering a degree of credit, in which case the companies are exposed to a risk with regard to their customers' ability and desire to pay.

Outstanding debtor balances constitute 30-50% of annual net sales, corresponding to an average credit period of 100-180 days. There is a significant difference between the average credit period between the factories, which is due to tradition and customer composi-

Risks

tion, with smaller projects operating with a short credit period. As a rule there is an advance payment and ongoing instalments for large deliveries.

The normal custom is that the customer will withhold 10% of the delivery total until one year after completion of the total building project as security to cover any deficiencies in the panels. This helps to increase the average credit periods.

The ongoing recognition of results attempts to take account of the risk of losses on receivables and costs of guarantee commitments, but the size of the projects means that there will be fluctuations from one year to another.

There is no tradition that customers lodge security for payments, and attempts are therefore made to minimise the risk of bad debts by building up long-term customer relationships and general knowledge of the customers in question.

The most significant risk in R+S Baugesellschaft relates to completed projects where the building proprietor claims deficiencies in the building and therefore either withholds the final part of the contract sum or makes a direct claim against the company.

Attempts are being made to resolve a number of such cases via the courts, and due to the complexity of the cases and the defendant's possibilities of delaying the case, it is uncertain when the cases can be resolved.

In cases where R+S Baugesellschaft has an amount owing, there is a risk that the company will not be able to have the claim upheld in court, and there is also a risk that even if R+S Baugesellschaft has the claim upheld, the debtor will be unable to fulfil his payment obligation. An attempt is made to take such circumstances into account in assessing the need for write-downs. The total amount owing for which legal proceedings have been instituted is around DKK 30 million, and claims made against debtors are DKK 26 million higher.

In cases where the building proprietor or a subcontractor makes a claim against R+S there is a corresponding risk that the ultimate judgement will be less favourable than expected, in which case R+S Baugesellschaft will incur an expense.

The total provisions for which R+S Baugesellschaft, following careful evaluation, is expected to have obligations amounts to DKK 25.9 million. The company also has book liabilities of around DKK 8 million in cases where a claim has been made against the company, without the claim having necessarily been recognised.

Receivables and liabilities in R+S Baugesellschaft are assessed on an ongoing basis, especially in connection with the annual accounts, and in connection

with the closing of the accounts for 2003, 2004 and 2005 there has not been any need to make significant changes in write-downs or provisions.

When handing over a building project, the contractor normally accepts a guarantee commitment for five years. R+S Baugesellschaft's last projects were handed over in 2000 and 2001, which means that the guarantee period for all projects has either expired or is close to expiry. However, guarantees to the order of DKK 7.9 million do not expire until 2013, as a longer guarantee has been lodged for an individual building component.

In connection with the expiry of a guarantee period a thorough inspection of the site is conducted, and as a rule a number of minor deficiencies are identified, which R+S Baugesellschaft rectifies. This will also be the case in connection with the expiry of the remaining guarantee periods, and provisions have been made for such expected claims.

R+S Baugesellschaft is not aware that there should be any major claims in connection with projects for which the guarantee period has not yet expired, and the risk that this might be the case is considered low, as a serious problem would normally have become evident at an early stage of the guarantee period.

Apart from the receivables in R+S Baugesellschaft that are the subject of legal action, the company essentially has one large receivable, where there is no disagreement on the size of the amount. Agreement has been reached on significant reductions in this amount owing at the end of 2006 and 2008 respectively. The amount owing has arisen in connection with the building of a large office property and has been guaranteed through a mortgage on the property. The favourable letting situation combined with the start of an improvement in the German economy indicates that the property will retain its value. Interest is being paid on an ongoing basis on the amount in question.

Apart from this, there is not considered to be any significant risk associated with R+S Baugesellschaft's receivables.

Political risks

The BPC Group operates in Bahrain, the United Arab Emirates and Qatar. Other countries in the region, such as Iran and Iraq, have been characterised by upheaval and political instability in recent times, which has not been the case in the countries where the BPC Group operates. All of these countries achieved independence in 1971, when the UK withdrew from the region.

The countries in question are characterised by the fact that the most significant influence is concentrat-



ed on one or a few families, and the countries therefore do not have democracy in the western sense of the term. Both Bahrain and Qatar have started a process leading towards greater influence from a broader section of the population, through such processes as elections for advisory councils. Both here and in the United Arab Emirates there are also indications that women are starting to have an influence on politics.

Popular protests against the establishment are unknown in the United Arab Emirates and Qatar, while there are occasional signs of a degree of dissatisfaction among the poorer parts of the population in Bahrain.

All of the countries are in general open to foreign investment, and they also have western orientation. Their economies are, either directly or indirectly, extremely dependent on exports of oil and gas, with the industrialised nations being the biggest customers. As a result of this dependence and the general desire to attract investments, it is considered that activities in the countries in question are not associated with any significant political risk.

Legislation in the countries is influenced by the former British association, and there is an ongoing process of general modernisation and liberalisation of the legislation, including the financial field.

Relationships with partners

NTR Holding owns 49% of the shares in Bahrain Precast Concrete Co. W.L.L., which is the parent company in the BPC Group, with the other 51% being owned by Haji Hassan Group, Bahrain.

Collaboration between NTR and the Haji Hassan Group is based on the original joint venture contract, which was entered into in connection with the establishment of BPC in 1978, and the basic agreement has only been modified in individual areas since then.

The Haji Hassan Group is a family-owned and family-managed group of companies, and with the current generation shift the partnership has become increasingly based on commercial considerations, whereas in the past it was largely based on the original personal relationships.

FINANCIAL RISKS

Foreign Currency

The activities in the BPC Group's companies are conducted in the currency of each country, the exchange rates of which are linked both to one another and to the USD.

The activities in NTR Holding and R+S Baugesellschaft are conducted in DKK and EUR respectively, the exchange rates of which are in practice closely linked to one another. The NTR Group's overall finances can thus be divided into a DKK/EUR group and a USD group.

Exchange rate fluctuations between DKK/EUR and USD have an impact on both the Group's operating results and balance sheet items.

NTR Holding has amounts due in the BPC Group, which are denominated in the local currencies of each

Risks

company. Attempts are made to cover profits and losses resulting from exchange rate changes on these receivables by means of arranging loans in USD and arranging forward contracts, so that the effect of exchange rate fluctuations is as far as possible eliminated.

Conversion of profit and loss from the BPC Group takes place using average exchange rates, and shifts in the DKK/USD relationship thus have approximately a parallel impact on the NTR Group's financial results. NTR Holding does not undertake any currency hedging of its share of profits from the BPC Group.

Balance sheet items in the BPC Group are included in the NTR Group at the exchange rate at year-end. The net change in values when converting from starting to closing exchange rate is posted directly to the Group's equity. The NTR Group does not undertake any hedging of the exchange rate risk in net assets in the BPC Group.

As the exchange rate relationship between DKK and EUR is in practice very stable, there are no significant exchange rate fluctuations in the relationships between NTR Holding and R+S Baugesellschaft.

The estimated impact of a given change in the USD rate on the Group's profit and equity for 2005 is shown in this table.

Estimated effect of changes in exchange rate

5 % change in USD rate	Start 2005	Mid-2005
Effect on Group's net profit	6.2 %	3.4 %
Effect recognised directly to equity	2.5 %	2.5 %

The currencies in the BPC Group are all fully convertible, and there are no limitations on the movement of capital into and out of the countries in question.

In the light of the open economies of these countries, there is not considered to be a significant risk that future capital transactions will be limited by restrictions.

Interest rates

All external credits in the NTR Group carry a variable interest rate that follows the short-term market rate. Interest expenses in the BPC Group will largely follow the interest rate level for USD, as a consequence of the fixed exchange rate relationship between the USD and the local currencies. In the same way, most of the interest expenses in NTR Holding will follow the inter-

est rate level of USD, as NTR Holding has arranged bank loans in USD as a means of hedging the currency risk of receivables in the BPC Group.

Liquid funds are also carrying a variable, market-based interest.

NTR Holding's and R+S Baugesellschaft's holdings of securities are all invested in fixed-interest bonds with short terms, so that interest on these investments will also largely reflect the trend in short-term interest rates in Denmark/Euroland.

This table shows the NTR Group's interest income and expenses for 2005.

Financial items 2005, broken down into currency groups

(DKK million)	DKK/EUR	USD	Total
FINANCIAL INCOME			
Variable interest rates	0.4	0.4	0.8
Interest from bonds	2.3		2.3
Fair value revaluation of bonds	0.5		0.5
Exchange rate adjustments			1.6
Total financial income			5.2
Financial income in R+S Baugesellschaft			(1.4)
Financial income according to consolidated accounts			3.8
FINANCIAL EXPENSES			
Variable interest rates	(0.5)	(3.4)	(3.9)
Fair value revaluation of bonds	(0.1)		(0.1)
Exchange rate adjustments			(1.4)
Total financial expenses			(5.4)
Financial expenses in R+S Baugesellschaft			0.4
Financial expenses according to consolidated accounts			(5.0)

Note: As the net profit/loss in R+S Baugesellschaft is covered by a provision in NTR Holding, financial income and expenses from R+S Baugesellschaft are not included in the consolidated accounts.

Credit facilities/liquidity

As one element of the continued winding up of R+S Baugesellschaft, the company is being supported in terms of liquidity by NTR Holding, and NTR Holding is also providing a warrant for R+S Baugesellschaft's utilisation of financial guarantee facilities. Short term securities have been deposited to provide security for the obligations in R+S Baugesellschaft and NTR Holding.

Because of mutual guarantees and pledged security, as well as the close integration of liquidity flow, the

credit and liquidity risks for NTR Holding and R+S Baugesellschaft must be viewed as a whole.

Utilisation of credit and guarantee facilities together with security pledged as at 31 December 2005 can be seen in the table.

Credit facilities and pledged security
NTR Holding and R+S Baugesellschaft

(DKK million)	Limits	Utilised
Short-term bank loans and overdraft	10.0	9.8
Financial guarantees	27.9	27.9
Forward contracts	10.0	9.4
Security deposited		30.5

The two companies' limits for credit, guarantees and forward contracts are essentially fully utilised, which is related to the fact that no new financial guarantees are being issued, so the limits for these guarantees are being written down as the outstanding guarantees are reduced.

The winding up of R+S Baugesellschaft involves significant assets and liabilities, and the distribution of this process over time will therefore have a major impact on the companies' liquidity.

Based on an overall assessment of the expected course of events, NTR Holding expects that it will be possible to maintain the current relationship between credit and guarantee facilities and lodged security throughout the whole winding up period. However, a slower realisation of assets and/or a slower return of financial guarantees can distort this picture. NTR Holding expects to be able to have access to additional credit facilities should a different winding up profile for the assets and liabilities at R+S Baugesellschaft necessitate it.

The BPC Group's balance sheet summary appears in the table below.

BPC Group - balance sheet total

31 December 2005			
ASSETS		LIABILITIES	
Fixed assets	35 %	Equity	36 %
Inventories	8 %	Provisions	10 %
Receivables	55 %	Bank debts	21 %
Liquid funds	2 %	Loans from shareholders	11 %
		Creditors	22 %
TOTAL ASSETS	100 %	TOTAL LIABILITIES	100 %

The BPC Group's bank debts constitute 21% of the balance sheet total, which represents DKK 53.0 million for the NTR Group.

Around 2/3 of bank debts comprise capital loans to finance the significant investments in new production plant in recent years, while the remaining 1/3 comprises variable bank loans for ongoing financing of operations.

The capital loans are normally repaid in fixed instalments over a period of 3-4 years. As a result of the short payback period, these repayments put pressure on the company's short-term liquidity, and at times there is a need for some refinancing. Even if these are pure capital loans, this refinancing has been possible as the Group not only extends its capacity, but also reinvests in upgrading its existing plants.

In the short term this refinancing requirement involves a degree of risk, but the risk is considered minimal in the longer term, when bank debts are compared with the combined current assets, most of which comprise accounts receivable.

The BPC Group does not have any significant unutilised credit facilities at its disposal.

NTR Holding guarantees a proportional share of the BPC Group's bank financing. As the BPC Group is consolidated pro rata in the NTR Group's accounts, this does not involve any separate risk.

Pension commitments, etc.

The NTR Group has only undertaken defined contribution pension commitments, which are included in the profit and loss accounts along with earnings. Employees in the BPC Group earn a benefit on an ongoing basis, which falls due for payment when they leave the company. This benefit is calculated as a given number of weeks' salary per year worked, and is included in the profit and loss account as the benefit is earned. Regulations due to changes in salary are also included on an ongoing basis.

Shareholder Information

Investor Relations and Corporate Governance
NTR Holding wants to help to spread and increase awareness of the Company and its development, including knowledge of the markets around the Arabian Gulf, which is the Group's area of operations.

We strive for an open, consistent information policy that ensures the best level of information and basis for assessment for our partners. The information is prepared in accordance with the Danish Securities Trading Act and the guidelines and recommendations of the Copenhagen Stock Exchange.

The Board of Directors of NTR Holding is aware of developments in the area of corporate governance, and aims as far as possible to comply with the current recommendations in order to ensure the greatest possible openness and transparency, and also to give the Company's current and future shareholders the best possible basis for decisions in connection with investment in NTR shares.

NTR aims for the greatest possible openness about the Group insofar as it can be ensured that everyone receives price-sensitive information at the same time. There may also be information that cannot be disclosed for commercial reasons.

The Board of Directors of NTR Holding believes that in all significant areas it complies with the principles contained in Recommendations for Corporate Governance as defined by the Copenhagen Stock Exchange.

In 2005 the Stock Exchange's committee on corporate governance revised the recommendations on corporate governance, and with effect from the financial year 2006 a requirement has been instituted to review the recommendations according to the principle of

"comply or explain". NTR Holding has decided to review the recommendations according to this principle in the current annual report.

NTR Holding's corporate governance policy does not follow the changed recommendations in a number of the specific points, due to such factors as the size of the company and the limited complexity of the organisation. The Board of Directors will consider changes to the current policy on an ongoing basis.

The role of shareholders and their interaction with company management

As a general rule, NTR Holding encourages shareholders to take part in the AGM. All shareholders who wish to receive an invitation to the AGM receive this together with the annual report approx. 14 days before the AGM. The date of the AGM is published in advance via the financial calendar. Shareholders are given the opportunity to grant proxy voting rights to the Board of Directors or to another person, and when granting a proxy to the Board the shareholder can state his voting preferences for each point on the Agenda. Reports and minutes of AGMs are available on the Company's website (www.ntr.dk).

NTR Holding has only taken the initiative to promote communication between shareholders and the company, but not between the company's shareholders.

The Board of Directors discusses and considers on an ongoing basis the most appropriate capital structure

Stock Exchange announcements issued		
DATE	NO.	CONTENT
3 January 2005	1	Financial calendar 2005
9 March 2005	2	Announcement of Annual Accounts 2004
4 April 2005	3	Invitation to AGM
27 April 2005	4	Interim report, 1st quarter
27 April 2005	5	Proceedings of the AGM
11 August 2005	6	Interim report, 1st half-year
17 November 2005	7	Interim report, 3rd quarter



for NTR Holding, but the conclusions of these considerations are not made public unless concrete action is taken to change the structure.

NTR Holding has class A and class B shares. One class A share carries 10 votes and one class B share carries one vote. The shares are divided into classes with different voting powers for historical reasons.

The role of partners and their importance for the company

NTR Holding is a pure holding company with no direct commercial activities, and for this reason the focus is solely on the long-term maximisation of profits for the company's shareholders. The company has no officially formulated basic concept apart from this.

Openness and transparency

NTR Holding continuously adapts its communication and information policy to suit the current situation. All changes to this are approved by the Board of Directors after a recommendation from company management.

NTR Holding is open to communication with the company's shareholders, and responses to shareholders' queries that are of general interest are made available on the company's website.

Regular information provided by NTR Holding includes

- financial calendar
- preliminary statement of annual accounts
- annual report
- interim reports for the 1st-3rd quarters
- notice of and report on the proceedings of the AGM

In addition, other information that may be of significance for an evaluation of NTR Holding shares is provided as necessary.

According to the articles of association, all shares in NTR Holding must be registered, which means in practice that 90-95% of the total share capital is permanently registered. With a view to balancing the information requirements of shareholders with the use of resources, all new shareholders are encouraged by letter to state what regular information they wish to receive, either by ordinary mail or by e-mail. Shareholders' requests for information can be changed at any time, if appropriate via the company's website, www.ntr.dk, where other interested parties can also order information material.

Information to shareholders and the Stock Exchange is also available on the company's website in both Danish and English. The website is dedicated exclusively to investor relations.

Investor presentations that can be usefully presented via the Internet are made available on the company's website immediately before or after the presentation.

Shareholder Information

The Board of Directors' tasks and responsibilities

Apart from the AGM, NTR Holding's most senior governing body is the Board of Directors, which discusses and organises the company's strategic development in collaboration with company management.

There is ongoing evaluation of strategic developments and overall management control, as this is formulated in the Board of Directors' rules of procedure, without any fixed intervals being defined for such evaluations.

In advance of the four or five regular board meetings each year, the Board of Directors receives a written account of the Group's affairs and current position with particular emphasis on strategic adjustments and risk exposure.

As a consequence of NTR Holding's simple structure and organisation, there is no description of the work and tasks of the Chairman of the Board, and the Board does not consider it necessary to elect a Deputy Chairman. The company's articles of association include the facility to elect a Deputy Chairman.

Over the past three years, attendance at meetings for board members elected by the AGM has been 95%.

The composition and fees of the Board of Directors

All board members are elected for one year at a time by the AGM. Class B shareholders have the right to elect one member, while other members are elected by all shareholders. The Board of Directors has four members. NTR Holding does not meet the criteria for the election of employee representatives.

The Board of Directors does not consider it relevant to appoint board committees.

The Board of Directors recommends the election of new board members on the basis of the relevant individuals' commercial expertise. A more detailed procedure for evaluating the expertise of board members has not been defined, as there is ongoing evaluation of each individual member's active contribution to the Board's work. For the same reason, no fixed age limit has been defined for board members. In the same way, there is ongoing evaluation of company management's work.

The intention is that specific knowledge of the production of precast concrete and awareness of local conditions in the Gulf region is primarily supplied to the NTR Group via the Group's representatives in the Board

of Directors of BPC, and it is therefore not considered necessary to have members with special expertise on the Board of Directors of NTR Holding.

The Chairman of the company's Board of Directors is managing partner in the law firm that, on normal terms, advises NTR Holding on complicated legal matters, primarily in connection with the sale of companies. The Chairman of the Board does not take part in these advisory matters. One of the company's board members is former manager of the company, and he is also a board member in the BPC Group, appointed by NTR Holding. Other board members satisfy the conditions for independence as defined in the Recommendations for Corporate Governance from the Copenhagen Stock Exchange.

The company's Chairman of the Board is Chairman in one other listed company. He is also a member of the board of a number of unlisted companies.

The company has not so far provided information about the background of board candidates when notifying the AGM. Within the last seven years only one new member has been elected, and the individual in question was already familiar to most of the company's shareholders from his previous employment as a manager of the company.

Each individual board member's holding of shares in NTR Holding and trade in them is described in note 24 of this annual report, along with information about remuneration. The annual remuneration to each board member amount to DKK 150,000, the chairman of the board receiving double remuneration. Board members in Bahrain Precast Concrete, not being employed in NTR Holding, receive a separate remuneration. The current year's fees to the board is published at the AGM.

Company management's shareholdings and remuneration will be published in the same way as for board members.

Neither the Board of Directors nor company management have been allocated any forms of performance-related remuneration, and no more specific remuneration policy has been defined.

Risk management

NTR Holding issues information in annual reports and interim reports on the most significant risk elements that might affect the Group's future development, not least in relation to the remaining risks in R+S Baugesellschaft.

Evaluation of these risk elements is included as a central topic at all board meetings, although there is no further publication of this.

Audit

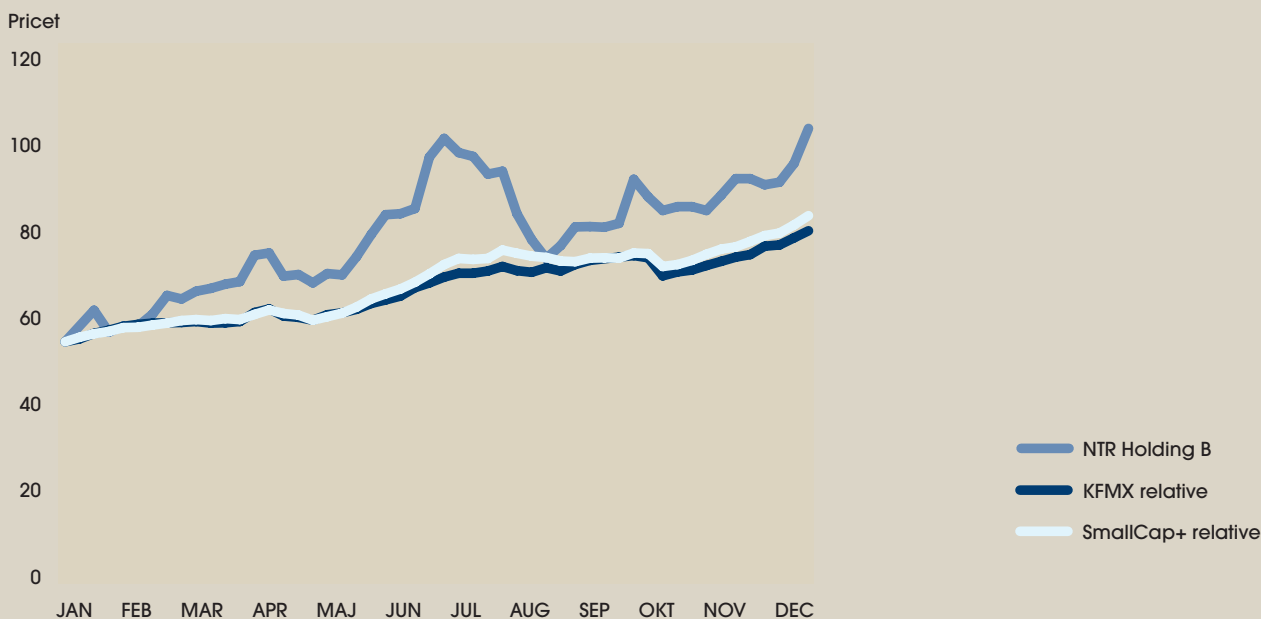
Audit agreements and fees are negotiated between company management and the auditor and approved by the Board of Directors. All significant non-audit assignments are approved individually by the Board of Directors.

Internal control systems in subsidiaries and jointly controlled entities are evaluated by company management and the boards of these companies. There is only one employee at NTR Holding, which is why there is no basis for internal control systems, but all major transactions are approved by the Chairman of the Board.

Share price development

The price of NTR Holding's class B shares rose by 106% during the course of 2005. The share market in Denmark was generally positive, and the index for the biggest shares rose by 37% during the year, while the various indexes for smaller shares rose by 50-60%. The NTR price rose strongly during the first half of the year, after which there was a downturn following publication of the financial results for the first six months. However, the Board of Directors retained its expectations of the results for the whole year, and these expectations were confirmed by the results for the third quarter, after which the share price rose strongly during the final months of the year.

Movement in shareprices 2005



Shareholder Information

At the end of the year the following shareholders held more than 5% of the company's share capital:

SHAREHOLDER	Class A shares	Class B shares	% of capital	% of votes
Civilingeniør N. T. Rasmussens Fond H. C. Andersens Boulevard 12, Copenhagen	109,329		5.6%	32.1%
Stig Rantsén ¹⁾ Dubai and Rådhuspladsen 16, Copenhagen	27,169	435,685	23.9%	20.8%
Lønmodtagernes Dyrtidsfond and associated funds Vendersgade 28, Copenhagen	1,000	192,304	10.0%	5.9%

¹⁾ Via controlled companies

Share capital and shareholders

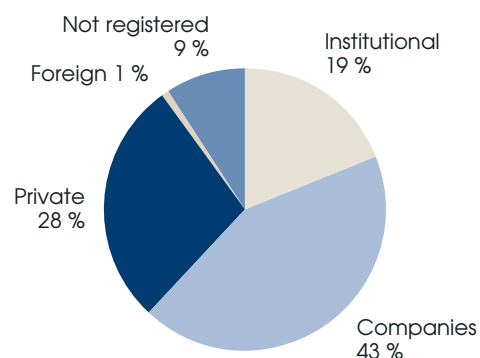
At the end of 2005 NTR Holding's 1.9 million shares were distributed among 2,153 registered shareholders, representing growth of 22% compared to the end of 2004. There has in general been significant interest in the NTR Holding class B share among private investors during the year.

The company's Board of Directors is authorised until April 2009 to increase the company's share capital by up to one million new class B shares and a proportionally corresponding number of class A shares. The Board of Directors has no plans to issue new shares at present.

Own shares

NTR Holding has a holding of 71,994 own class B shares. This holding is maintained in order to cover share-based incentive schemes for senior employees in jointly controlled entities.

Breakdown of share capital



Financial calendar 2006

9 March 2006	Announcement of Annual Accounts 2005
10 March 2006	Annual Report 2005 (electronic PDF version)
10 April 2006	Annual Report 2005 (printed version)
26 April 2006	Interim report, 1st quarter
26 April 2006	Annual General Meeting
10 August 2006	Interim report, 1st half-year
16 November 2006	Interim report, 3rd quarter

2005 Annual Report



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Endorsement and Auditors' Report

Statement of the Board of Directors and the Management

The board of directors and the management have today considered and adopted the annual report for 2005 for NTR Holding A/S.

The annual report has been presented in accordance with International Financial Reporting Standards as approved by the EU and further Danish requirements imposed on the presentation of financial

statements for listed companies. In our opinion, the accounting policies elected are appropriate and the financial statements give a true and fair view of the Group's and the parent company's assets and liabilities, financial position at 31 December 2005 and of the result of the Group's and the parent company's activities and cash flow for the financial year 2005.

We recommend the Annual General Meeting to adopt the annual report.

Copenhagen, 9 March 2006

Management



Jens Hørup

Board of directors



Niels Heering
Chairman



Bjørn Petersen



Stig Rantsén



Erik Sprunk-Jansen

Auditors' Report

To the Shareholders of NTR Holding A/S.

We have audited the annual report of NTR Holding A/S for the financial year 2005, prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. The annual report is the responsibility of the Company's Executive and Supervisory Boards. 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 Standards on Auditing. 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 the Executive and Supervisory Boards, 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 Group's and the Parent's financial position at 31 December 2005 and of the results of their operations and cash flows for the financial year 2005 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 9 March 2006

Deloitte

Statsautoriseret Revisionsaktieselskab



Jesper Jørgensen
State Authorised
Public Accountant



Christian Sanderhage
Statsaut. revisor
Public Accountant

Accounting policies

Introduction

The annual report of NTR Holding A/S and the NTR Group are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class D enterprises, see the Danish Executive Order on IFRS Adoption issued in accordance with the Danish Financial Statements Act. This annual report is the first one presented applying IFRS.

The Standards applicable for 2005 are complied with in the presentation of this annual report. At the date of authorisation of the annual report further standards and interpretations were in issue but not yet effective, which are not anticipated to impact the annual report for 2006.

The annual report is presented in Danish kroner (DKK), which is regarded as the primary currency in relation to the Group's activities and as the functional currency of the Parent.

Changes in accounting policies

IFRS 1 has been applied for transition to IFRS. This transition has resulted in the following changes in accounting policies:

- Accumulated translation differences on foreign entities at 1 January 2004 are recognised in retained earnings under equity and are not made up as a separate reserve.
- Residual values of property, plant and equipment are reassessed currently when formerly they were fixed at initial recognition of the asset. Annual depreciation is changed accordingly.
- Non-current property, plant and equipment are divided into components if they have different useful lives.
- Fair value of allotted options under share-based remuneration programs are recognised as staff costs.
- Listed securities that were formerly recognised as cash and cash equivalents at fair value are recognised as financial assets available for sale. Unrealised price adjustments in this respect are recognised in equity and transferred from equity to profit and loss when realised. As before, financial assets available for sale are recognised at fair value in the balance sheet.
- In the Parent, investments in subsidiaries and jointly controlled entities are measured at cost against formerly at its share of these entities' equity. Income from investments consists of dividends received.

In addition to changes in recognition and measurement, disclosure and classification of financial statement items have been changed for the following elements because of the transition to IFRS financial statement presentation:

- Provisions are split into short-term and long-term liabilities.
- Financial income and financial expenses are recognised in the cash flow statement under cash flows from operating activities. Financial assets available for sale are recognised only in cash if their remaining term to maturity is less than three months when acquired. If not, they are recognised under investing activities.
- In R+S Baugesellschaft, other receivables of DKK 3.8m have been reclassified as trade receivables because this category better illustrates their nature. Similarly, trade payables of DKK 7.8m have been reclassified as provisions.

Accounting policies

The policy changes upon transition to IFRS have the following effect on the annual report:

BALANCE SHEET			GROUP			
	1 January 2004		31 December 2004			
DKK million	Assets	Liabilities	Equity	Assets	Liabilities	Equity
Existing accounting policies	395.5	273.0	122.5	300.3	175.2	125.1
Restatements						
Under IFRS policies	395.5	273.0	122.5	300.3	175.2	125.1
Fair value of financial assets classified as available for sale	53.0			48.2		

INCOME STATEMENT AND CASH FLOW STATEMENT			GROUP		
	Net profit/loss 2004		Cash flow 2004		
DKK million			Operating activities	Investing activities	Financing activities
Existing accounting policies		8.0	(5.6)	(15.1)	39.1
Restatements					
Recognition of financial assets available for sale		(0.2)	1.3	5.0	(36.8)
Financial income and expenses			(0.9)		0.6
Recognition of associates			(0.4)	(1.0)	
Under IFRS policies		7.8	(5.6)	(11.1)	2.9

BALANCE SHEET			PARENT COMPANY			
	1 Januar 2004		31 December 2004			
DKK million	Assets	Liabilities	Equity	Assets	Liabilities	Equity
Existing accounting policies	175.5	53.0	122.5	145.6	20.5	125.1
Restatements						
Investments in jointly managed enterprises	(61.1)		(61.1)	(62.0)		(62.0)
Investments in associates	(0.3)		(0.3)			
Under IFRS policies	114.1	53.0	61.1	83.6	20.5	63.1
Fair value of financial assets classified as available for sale	44.2			39.4		

INCOME STATEMENT AND CASH FLOW STATEMENT			PARENT COMPANY		
	Net profit/loss 2004		Cash flow 2004		
DKK million			Operating activities	Investing activities	Financing activities
Existing accounting policies		8.0	(44.1)	3.2	36.8
Restatements					
Recognition of financial assets available for sale		(0.2)	1.0	4.1	(35.2)
Financial income and expenses			1.3		(1.6)
Recognition of associates			(0.2)		
Under IFRS policies		7.8	(42.0)	7.3	0.0

The comparative figures for 2004 have been restated in accordance with the changed accounting policies. The group financial highlights for the years 2001 to 2003 have not been restated because the impact of the changes is considered limited.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation, and it is probable that settlement of the obligation will result in consumption of the Group's resources, and the value of the liability can be measured reliably.

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

The carrying amounts of intangible assets and property, plant and equipment are reviewed annually to determine any indications of impairment in addition to those reflected in normal depreciation. If so, an impairment test is performed and, if necessary, the asset is written down to any lower recoverable amount.

Certain financial assets and financial liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount.

Profits, losses and risks that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent, NTR Holding A/S, and subsidiaries in which it directly or indirectly holds more than 50% of the voting rights or in any other way has controlling influence. The consolidated financial statements also include the NTR Group's proportional share of jointly controlled entities in which business is carried on together with other owners. Jointly controlled entities are recognised using the pro rata principle.

On consolidation, intra-group income and expenses, shareholdings, intra-group accounts and dividends as well as intra-group profits on transactions between the consolidated enterprises are eliminated.

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time when control is achieved. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up. Comparative figures are not restated for newly acquired, sold or wound-up enterprises. Profits or losses from divestment of subsidiaries or jointly controlled entities are recognised in profit and loss under other operating income or other operating expenses.

The purchase method is applied in the acquisition of new enterprises, under which the assets and liabilities of these enterprises are measured at fair value at the acquisition date. Costs of restructuring of the enterprise acquired are recognised only in the pre-acquisition balance sheet if they constitute an obligation for the enterprise acquired. Allowance is made for the tax effect of the restatements.

Positive differences in amount between cost and fair value of the assets and liabilities taken over, including provisions for restructurings, are recognised as goodwill under intangible assets. Goodwill is not subjected to amortisation, but tested once a year for impairment.

Accounting policies

Minority interests

The Parent holds all shares in the Group's subsidiaries, and as jointly controlled entities are consolidated applying the pro rata principle, minority interests do not exist in the consolidated financial statements.

Foreign currency translation

In all of the Group's enterprises, the local currency is fixed as the functional currency, which is the one primarily affecting the relevant enterprise in fixing prices for purchases, sales, etc. All transactions of the enterprise are measured using the functional currency. Foreign currencies are all other currencies but the functional currency.

For the Parent, Danish kroner (DKK) is the functional currency and also selected at the Group's presentation currency.

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date are recognised in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated applying the exchange rates at the balance sheet date. Exchange differences that arise between the rate at the balance sheet date and the rate in effect at the time when the payable or the receivable arose or was recognised in the latest annual report are recognised in the income statement under financial income or financial expenses.

When group enterprises are recognised using a functional currency other than the presentation currency, DKK, income statements are translated at average exchange rates, and balance sheet items are translated at the balance sheet date exchange rates. Exchange differences arising out of the translation of consolidated enterprises' equity at the beginning of the year to the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly on equity.

Accounts with intra-group enterprises that are considered an addition to or a deduction from the enterprise's equity are translated at the balance sheet date exchange rate, and exchange adjustments are taken directly to equity.

Estimated uncertainty – Management's assessment

As part of the application of the Group's accounting policies, some assessments and estimates were made as to how the future may affect the value of the Group's assets and liabilities. The estimates are based on prudent, but unpredictable assumptions, and unexpected events may occur.

The most significant uncertainties and risks that may be relevant for future recognition of assets and liabilities are estimated to relate to the assessment of fair value of receivables and provisions for non-recourse guarantee commitments of the subsidiary, R+S Bauge-sellschaft, because in some cases disputes have occurred with the contracting party about the size of these items, and legal steps have been taken to settle some of these matters.

Significant changes in foreign exchange rates will affect the value of consolidated enterprises' equity and earnings because investments in subsidiaries and jointly controlled entities as well as future earnings from them are not hedged against fluctuations in foreign exchange rates.

Reference is made to the chapter Risks in this annual report.

INCOME STATEMENT

Revenue

Revenue is recognised in the income statement when delivery is made, risk has passed to the buyer, and the income can be measured reliably.

Contract work in progress is included based on the stage of completion, whereby revenue corresponds to the selling price of the work performed during the year (the percentage-of-completion method). In general, the volume manufactured is used to reflect the stage of completion. Revenue is recognised when total income and expenses relating to the construction contract can be measured reliably, and it is probable that economic benefits, including payments, will flow to the Group.

Other operating income and expenses

Other operating income and expenses comprise financial statement items of a secondary nature viewed in relation to the enterprises' activities, including gains and losses from the sale of intangible assets and property, plant and equipment as well as impairment losses and adjustment of provisions for the winding-up of activities.

Share-based remuneration/incentive programs

Share-based remuneration is based in equity.

In share-based remuneration, the exchange for the incentive program corresponds to the value of services received. This value is measured based on the fair value of options allotted and recognised as staff costs. The fair value is measured at the time of allotment based on an exercise price model and recognised straight-line in profit and loss over the vesting period. The contra entry to staff costs is distributable reserves under equity.

Dividends from investments in subsidiaries and jointly controlled entities

Dividends declared in the financial year are recognised in the parent income statement.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and taken directly to equity by the portion attributable to entries directly on equity.

BALANCE SHEET

Non-current property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at the lower of cost less accumulated depreciation and impairment losses and recoverable amount.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when the asset is ready to be put into operation. Borrowing costs are not recognised.

Cost of an asset is divided into separate components depreciated individually if they have different useful lives.

Straight-line depreciation is applied over the estimated useful lives, based on an assessment of the assets' estimated useful life, which is no more than 10 years for buildings and 3 to 10 years for other property, plant and equipment. Leasehold improvements are depreciated over the term of the lease, but over no more than 10 years.

Depreciation methods, useful lives and residual amounts are reassessed annually.

Depreciation is recognised in the income statement under cost of sales, distribution costs and administrative expenses.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income or other operating expenses.

Impairment of property, plant and equipment

The carrying amounts of the Group's and the Parent's non-current assets are reviewed annually to determine any indication of impairment. If such indication exists, the recoverable amount of the asset is calculated, which is the higher of its net selling price and net present value. If the carrying amount exceeds the recoverable amount, the impairment loss is recognised in profit and loss.

Accounting policies

Non-current financial assets

In the parent balance sheet, investments in subsidiaries and jointly controlled entities are measured at cost or any estimated lower value.

Subsidiaries and jointly controlled entities with negative equity are written down to zero value. Any receivables from such entities are written down by the estimated risk of loss.

Other non-current financial assets include the portion of loans and receivables which has an agreed payment date lying more than 12 months beyond the balance sheet date. Assets are measured at amortised cost or any estimated lower value.

Inventories

Inventories are measured at the lower of cost using weighted average prices and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs.

Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as indirect production costs. Indirect production costs comprise indirect materials and labour costs, maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Borrowing costs are not recognised.

The net realisable value of inventories is calculated as the expected selling price less completion costs and expenses necessary to effect the sale and is determined allowing for marketability and obsolescence.

Receivables

Receivables are measured at their estimated realisable value based on a conservative estimate. Provisions are therefore made for anticipated losses.

Contract work in progress

Contract work in progress is measured at selling price of the work performed. The selling price is measured based on the stage of completion at the balance sheet date and the total estimated income from the individual contracts in progress.

When it is probable that total expenses will exceed total income from a contract, the estimated loss is recognised immediately.

The individual contracts in progress are recognised in the balance sheet under receivables or payables depending on the net value of the selling price net of payments on account and prepayments.

Costs relating to sales work and conclusion of contracts are recognised in the income statement as incurred.

Prepayments from customers are recognised under liabilities.

Current asset investments

Securities recognised under short-term assets consist of bonds with a term to maturity of more than three months when acquired.

Securities are available for sale and recognised in the balance sheet at fair value or any estimated lower value. Realised price adjustments of securities are recognised in profit and loss under financial income or financial expenses. Unrealised price adjustments are recognised in equity and transferred from equity to profit and loss when realised.

Securities are recognised at settlement date.

Provisions

Provisions comprise anticipated costs of non-recourse guarantee commitments, loss on work in progress, restructuring and winding-up of enterprises, etc. Provisions are recognised when, as a result of a prior event, the Group has a legal or constructive obligation, and it is probable that financial resources of the Group will be consumed to settle the obligation.

Non-recourse guarantee commitments include obligations to remedy work within given guarantee periods. Provisions for non-recourse guarantee commitments are measured and recognised based on experience from guarantee work.

Provisions are split into long-term and short-term liabilities based on the estimated time of payment.

Current tax and deferred tax

The current tax payable and receivable is recognised in the balance sheet as tax calculated on this year's taxable income, adjusted for prior years' taxable income and prepaid taxes.

Deferred tax is measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet if it is probable that they will be utilised either as an elimination against tax on future earnings or as a set-off against deferred tax liabilities.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect according to law at the balance sheet date when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Treasury shares

Acquisition and selling prices as well as dividends on treasury shares are recognised directly in other reserves under equity. Gains and losses on sale are not recognised in the income statement.

Dividends

Dividends are provided for in the financial statements at the time of adoption by the general meeting. Dividends proposed by Management for the financial year under review form part of equity and are disclosed in the note to the financial statements on equity.

Liabilities other than provisions

Upon borrowing, debt to credit institutions is recognised at proceeds received net of transaction costs incurred. Subsequently, financial liabilities are recognised at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal amount is recognised in the income statement over the term of the loan.

Other liabilities which comprise payables to suppliers, subsidiaries and jointly controlled entities and other payables are measured at amortised cost.

Accounting policies

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at cost and subsequently at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are recognised under other receivables or other payables.

Derivative financial instruments are not classified as hedging instruments, and changes in fair value are recognised in the income statement as financial income or financial expenses.

Pensions and similar liabilities

NTR Holding A/S, subsidiaries and jointly controlled entities of the NTR Group have only entered into commitments under defined contribution plans. Pension contributions are recognised under staff costs during the pension entitlement period, and payable contributions are taken to other payables in the balance sheet.

CASH FLOW STATEMENT

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

Cash flows from operating activities are calculated as the Group's share of profit/loss adjusted for non-cash operating items, working capital changes and cash flow impact from changes in provisions.

The cash flow impact from acquisition and divestment of enterprises is recognised under cash flows from investing activities. Cash flows from enterprises acquired are recognised from the time of acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from investing activities also include purchase and sale of intangible assets, long-term prop-

erty, plant and equipment and non-current financial assets as well as securities that are not recognised in cash and cash equivalents as well as dividends received from subsidiaries and jointly controlled entities.

Cash flows from financing activities comprise dividends paid and cash increase/decrease of the Group's share capital as well as any related expenses, including acquisition and divestment of treasury shares. Cash flows from financing activities also comprise raising of and instalments on long-term loans.

Net cash consists of cash and cash equivalents net of short-term debt to credit institutions. Cash and cash equivalents include cash, bank deposits and securities with a term to maturity of less than three months when acquired.

SEGMENT INFORMATION

Information is provided by geographical market and by activity. Geographical segmentation reflects both customer distribution and activity distribution. Segment disclosures are compiled based on the Group's internal financial reporting and comply with its accounting policies.

Segment disclosures are compiled by including financial statement items that are directly attributable to the relevant segment or that may be allocated thereto in a fair way. Other financial statement items are not recognised.

Transactions between segments are effected at recognised amounts.

Profit and Loss Account

1 JANUARY - 31 DECEMBER (DKK MILLION)

Note	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
1 Turnover	258.0	213.6	5.4	4.2
2+9 Production costs	(202.9)	(169.3)	(0.6)	(1.2)
Contribution margin	55.1	44.3	4.8	3.0
2+9 Sales and distribution costs	(9.9)	(8.4)		
2+9 General and administrative costs	(25.6)	(28.9)	(3.9)	(5.3)
3 Other operating income	1.0	1.5	0.9	1.2
4 Other operating expenses	0.0	(0.1)	0.0	(0.1)
Operating profit (loss)	20.6	8.4	1.8	(1.2)
Income from jointly controlled entities	-	-	0.0	1.4
5 Financial income	3.8	2.5	4.1	2.7
6 Financial expenses	(5.0)	(3.1)	(2.0)	(1.2)
Profit before tax	19.4	7.8	3.9	1.7
7 Corporate tax	0.0	0.0	0.0	0.0
Net profit	19.4	7.8	3.9	1.7
Distribution of net profit				
Equity holders of NTR Holding A/S	19.4	7.8		
Suggested dividend			0.0	0.0
Retained earnings			3.9	1.7
Net profit	19.4	7.8	3.9	1.7
8 Earnings per share				
EPS basic (DKK)	10.41	4.17		
EPS diluted (DKK)	10.35	4.17		

Balance Sheet

ASSETS AT 31 DECEMBER (DKK MILLION)

Note	GROUP		PARENT COMPANY		
	2005	2004	2005	2004	
	Land and buildings, BPC Group	22.2	15.7		
	Plant and equipment, BPC Group	55.7	54.3		
	Other fixtures and fittings, tools and equipm., BPC Group	8.0	6.1		
	Other fixtures and fittings, tools and equipm., R+S Baugesells.	0.1	0.1		
9	Tangible assets	86.0	76.2	0.0	0.0
10	Participating interest in subsidiaries	-	-	0.0	0.0
11	Participating interest in jointly controlled entities	-	-	0.8	0.8
10	Amounts owed by subsidiaries	-	-	32.2	21.9
12	Other financial assets, R+S Baugesellschaft	17.6	17.7		
	Financial assets	17.6	17.7	33.0	22.7
	Total non-current assets	103.6	93.9	33.0	22.7
	Properties for sale, R+S Baugesellschaft	6.7	9.7		
	Raw materials and consumables, BPC Group	20.7	16.3		
13	Properties and inventories	27.4	26.0	0.0	0.0
	Accounts receivable, sales, BPC Group	125.4	61.3		
	Accounts receivable, sales, R+S Baugesellschaft	32.8	35.8		
14	Work-in-progress, BPC Group	11.2	6.6		
	Amounts owed by jointly controlled entities, NTR Holding	14.6	9.7	27.4	18.1
	Other receivables, NTR Holding	0.6	2.0	0.6	2.0
	Other receivables, BPC Group	0.0	3.8		
	Other receivables, R+S Baugesellschaft	2.3	5.2		
15	Total receivables	186.9	124.4	28.0	20.1
	Securities, available for sale, NTR Holding	23.2	39.4	23.2	39.4
	Securities, available for sale, R+S Baugesellschaft	7.3	8.8		
16	Total securities, available-for-sale	30.5	48.2	23.2	39.4
	Liquid funds, NTR Holding	5.7	1.4	5.7	1.4
	Liquid funds, BPC Group	4.4	5.9		
	Liquid funds, R+S Baugesellschaft	1.6	0.5		
	Total liquid funds	11.7	7.8	5.7	1.4
	Total current assets	256.5	206.4	56.9	60.9
	Total assets	360.1	300.3	89.9	83.6

LIABILITIES AT 31 DECEMBER (DKK MILLION)

Note	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
17	Share capital	38.8	38.8	38.8
	Statutory reserves	1.0	0.9	
	Revaluation reserves	(0.4)	0.3	0.3
	Translation reserves	5.0	(5.4)	
	Reserves for the disposal of the General Meeting	83.7	83.7	83.7
	Retained earnings	26.2	6.8	(55.8)
18	Total shareholders' equity	154.3	125.1	66.3
	Long-term debt, BPC Group	30.5	23.0	
	Non-recourse guarantee commitments, BPC Group	8.0	6.3	
	Non-recourse guarantee commitments, R+S Baugesellschaft	12.4	21.4	
	Other provisions, NTR Holding	4.3	6.8	4.2
19	Total non-current liabilities	55.2	57.5	4.2
	Long-term debt, due within 12 months	14.3	20.9	
	Short term bank loan and overdraft, NTR Holding	9.8	5.5	9.8
	Short term bank loan and overdraft, BPC Group	14.8	7.0	
	Short term bank loan and overdraft, R+S Baugesellschaft	0.0	1.4	
	Trade creditors, NTR Holding	0.3	0.4	0.3
	Trade creditors, BPC Group	48.8	29.6	
	Trade creditors, R+S Baugesellschaft	8.2	8.6	
	Payments received on account, BPC Group	9.5	3.4	
14	Work-in-progress, BPC Group	0.4	0.0	
	Amounts owed to jointly controlled entities, NTR Holding	0.1	0.3	0.2
	Other debt, NTR Holding	1.7	1.2	1.7
	Other debt, BPC Group	7.3	2.6	
	Other debt, R+S Baugesellschaft	2.0	0.4	
	Non-recourse guarantee commitments, BPC Group	12.5	6.3	
	Non-recourse guarantee commitments, R+S Baugesellschaft	13.5	24.0	
	Other provisions, NTR Holding	7.4	6.1	7.4
19	Total current liabilities	150.6	117.7	19.4
	Total liabilities	205.8	175.2	23.6
	Total equity and liabilities	360.1	300.3	89.9

Note 20: Debt to credit institutions and joint venture partners, Note 21: Trade and other payables, Note 22: Contingent liabilities and security deposits, Note 23: Risk factors, Note 24: Related parties, Note 25: Audit fee

Cash Flow Statement

1 JANUARY – 31 DECEMBER (DKK MILLION)

Note	Amounts in () signify negative effect on cash flow	GROUP		PARENT COMPANY	
		2005	2004	2005	2004
	Operating profit	20.6	8.4	1.8	(1.2)
	Depreciations	17.8	16.3	0.0	0.2
	Decrease in properties for sale and inventories	1.1	0.4		
	Increase in amounts owed by group companies	(4.2)	(3.2)	(18.2)	(28.1)
	(Increase)/decrease in other receivables	(49.3)	31.9	1.3	(0.8)
	Increase/(decrease) in accounts payable etc.	25.5	(43.5)	0.4	(5.8)
	Cash flow from provisions	(12.4)	(14.3)	(0.1)	(7.4)
	(Profit)/loss on divestment of subsidiaries	0.0	(1.1)	0.0	(1.1)
	Interest received	3.7	2.5	2.5	2.8
	Interest paid	(5.1)	(3.0)	(2.1)	(0.6)
	Cash flow from operating activities	(2.3)	(5.6)	(14.4)	(42.0)
	Purchase of property, plant and equipment	(26.3)	(18.6)	0.0	(0.3)
	Sale of property, plant and equipment	10.6	0.2	0.0	0.2
	Purchase of available-for-sale and other financial assets	(34.6)	0.0	(34.6)	0.0
	Sale of available-for-sale and other financial assets	51.8	6.1	50.1	5.1
	Divestment of subsidiaries	0.0	1.2	0.0	0.9
	Dividend from subsidiaries, jointly controlled entities and associates			0.0	1.4
	Cash flow from investing activities	1.5	(11.1)	15.5	7.3
	Long-term borrowings	18.6	23.1		
	Repayment of long-term debt	(24.1)	(20.2)		
	Cash flow from financing activities	(5.5)	2.9	0.0	0.0
	Change in net liquidity	(6.3)	(13.8)	1.1	(34.7)
	Liquid funds, beginning of year	7.8	45.5	1.4	38.5
	Bank loan and overdraft, beginning of year	(13.9)	(38.8)	(5.5)	(8.3)
	Effect of foreign exchange rate changes	(0.5)	1.0	(1.1)	0.4
	Net liquidity, beginning of period	(6.6)	7.7	(5.2)	30.6
26	Liquid funds, year-end	11.7	7.8	5.7	1.4
	Bank loan and overdraft, year-end	(24.6)	(13.9)	(9.8)	(5.5)
	Net liquidity, year-end	(12.9)	(6.1)	(4.1)	(4.1)
	Change in net liquidity	(6.3)	(13.8)	1.1	(34.7)

Statement of recognised income and expense (DKK MILLION)

	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
Shareholders' equity 1 January - previous accounting policy	125.1	122.5	63.1	122.5
Effect of transition to IFRS				(61.4)
Shareholders' equity 1 January - IFRS standards	125.1	122.5	63.1	61.1
Exchange differences on translation of foreign operations	10.5	(5.4)		
Gains (losses) on available for sale investments taken to equity	(0.5)	0.2	(0.5)	0.3
Transfer to profit or loss from equity on sale of available for sale investments	(0.2)	0.0	(0.2)	0.0
Net gains (losses) taken directly to equity	9.8	(5.2)	(0.7)	0.3
Profit for the year	19.4	7.8	3.9	1.7
Total recognised income and expense for the year	29.2	2.6	3.2	2.0
Shareholders' equity 31 December	154.3	125.1	66.3	63.1

Total recognised income is attributable to equity holders of the parent

Segment Information (DKK MILLION)

GEOGRAPHICAL SEGMENTS – primary (based on location of customers)

2005	Bahrain	United Arab Emirates	Qatar	Germany	Denmark	Not allocated	Eliminations	Group
External sales	58.3	171.1	28.6					258.0
Inter-segment sales	0.7	1.9	0.1				(2.7)	0.0
Total revenue	59.0	173.0	28.7	0.0	0.0	0.0	(2.7)	258.0
Segment result	6.6	24.5	(7.5)		(3.0)			20.6
Net profit (loss)	7.8	22.2	(9.6)		(0.9)		(0.1)	19.4
Non-current assets	10.7	35.9	31.7	17.7		74.2	(66.6)	103.6
Current assets	20.2	134.1	19.4	50.6	97.1	0.4	(65.3)	256.5
Segment liabilities	(16.9)	(141.1)	(53.7)	(73.2)	(15.1)	(42.4)	136.6	(205.8)
Investments in property, plant and equipment	2.7	12.1	12.5					27.3
Depreciations	(7.2)	(6.1)	(4.6)					(17.9)
Write downs taken to profit and loss account	(0.3)	(0.7)	(0.2)					(1.2)
Reversal of write downs taken to profit and loss account	0.6	4.4	0.5		0.9			6.4
Cash flow from operating activities	19.1	6.9	(15.3)	0.3	3.1	(16.5)		(2.4)

Activities in jointly controlled entities are recognised with the NTR Group's pro-rata share

2004	Bahrain	United Arab Emirates	Qatar	Germany	Denmark	Not allocated	Eliminations	Group
External sales	53.6	141.4	18.6					213.6
Inter-segment sales	0.7	1.3	0.1				(2.1)	0.0
Total revenue	54.3	142.7	18.7	0.0	0.0	0.0	(2.1)	213.6
Segment result	6.8	14.4	(7.9)	0.0	(4.4)		(0.5)	8.4
Net profit (loss)	7.4	12.3	(8.7)	0.0	(3.0)		(0.2)	7.8
Non-current assets	12.7	43.0	20.3	17.8	0.0	42.9	(42.8)	93.9
Current assets	24.0	66.9	9.7	59.9	82.9	0.9	(37.9)	206.4
Segment liabilities	(16.3)	(103.8)	(37.7)	(95.6)	(10.7)	(36.0)	124.9	(175.2)
Investments in property, plant and equipment	4.8	9.6	1.4	0.1	0.3	1.1		17.3
Depreciations	(6.0)	(8.1)	(0.2)	0.0	(0.1)	(1.8)		(16.2)
Write downs taken to profit and loss account	(0.4)	(0.9)	(0.2)					(1.5)
Reversal of write downs taken to profit and loss account	0.1	0.6						0.7
Cash flow from operating activities	10.9	27.8	(7.5)	(26.5)	(2.8)	(7.5)		(5.6)

BUSINESS SEGMENTS – secondary

2005	Precast concrete elements	Discon- tinued operations	Group function	Not allocated	Eliminations	Group
External sales	258.0					258.0
Inter-segment sales	2.7				(2.7)	0.0
Total revenue	260.7	0.0	0.0	0.0	(2.7)	258.0
Segment result	23.7	0.9	(3.9)		(0.1)	20.6
Net profit (loss)	21.1	0.9	(2.4)		(0.2)	19.4
Non-current assets	78.3	17.7		7.6		103.6
Current assets	159.2	114.1	33.7		(50.5)	256.5
Segment liabilities	(156.5)	(76.3)	(12.0)		39.0	(205.8)
Investments in property, plant and equipment	27.3					27.3
Depreciations	(17.9)					(17.9)
Write downs taken to profit and loss account	(1.2)					(1.2)
Reversal of write downs taken to profit and loss account	5.5	0.9				6.4
Cash flow from operating activities	4.2	0.3	3.2	(10.1)		(2.4)

Activities in jointly controlled entities are recognised with the NTR Group's pro-rata share

2004	Precast concrete elements	Discon- tinued operations	Group function	Not allocated	Eliminations	Group
External sales	213.6					213.6
Inter-segment sales	2.1				(2.1)	0.0
Total revenue	215.7	0.0	0.0	0.0	(2.1)	213.6
Segment result	13.3	0.9	(5.3)		(0.5)	8.4
Net profit (loss)	12.0	0.9	(4.2)		(0.9)	7.8
Non-current assets	75.9	17.8		0.2		93.9
Current assets	98.5	115.9	26.9	0.9	(35.8)	206.4
Segment liabilities	(113.4)	(98.7)	(7.6)		44.5	(175.2)
Investments in property, plant and equipment	16.9	0.1	0.3			17.3
Depreciations	(16.1)		(0.1)			(16.2)
Write downs taken to profit and loss account	(1.5)					(1.5)
Reversal of write downs taken to profit and loss account	0.7					0.7
Cash flow from operating activities	26.2	(27.3)	(2.0)		(2.5)	(5.6)

Notes (DKK MILLION)

	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
1 TURNOVER				
Sales value of production during the year of precast concrete elements	224.5	192.7		
Erection and service activities	33.5	20.9	5.4	4.2
Total turnover	258.0	213.6	5.4	4.2
2 STAFF COSTS				
Wages and salaries	(52.6)	(48.3)	(1.8)	(2.2)
Defined contribution pensions plans	(0.1)	(0.1)	(0.1)	(0.1)
Other social security costs	(1.4)	(1.3)		
Other staff costs	(19.5)	(14.2)		
Total staff costs	(73.6)	(63.9)	(1.9)	(2.3)
Average number of employees during the financial year	1,037	1,227	1	2
Staff costs recognised in profit and loss account under:				
Production costs	(50.7)	(42.6)		
Sales and distribution costs	(9.7)	(8.1)		
General and administrative costs	(7.6)	(7.1)	(1.9)	(2.3)
Staff costs covered by provisions from previous years	(5.6)	(6.1)		
Total staff costs	(73.6)	(63.9)	(1.9)	(2.3)
Remuneration to board of directors and management (parent company):				
Remuneration to board of directors	(0.8)	(0.4)	(0.7)	(0.4)
Salary to management	(1.0)	(1.0)	(1.0)	(1.0)
Defined contribution pension plans, management	(0.1)	(0.1)	(0.1)	(0.1)
Car and phone benefits, management	(0.1)	(0.1)	(0.1)	(0.1)
Total remuneration to board of directors and management (parent company)	(2.0)	(1.6)	(1.9)	(1.6)

Executives in jointly controlled entities are granted share based payment as options to buy B-shares in NTR Holding in the period until 31 December 2007. The number of options is determined from the results achieved in the said companies. No further share based incentive plans are planned. Fair value of options granted could at the measurement date be calculated to DKK 0, hence no value of services received has been recognised in profit and loss account.

	No. of options	Weighted average exercise price per option (DKK)	Market value (DKK m)
2004			
Outstanding at 1 January	0		0.0
Options granted during the period	9,200	70	0.0
Exercised during the period	0		
Expired during the period	(9,200)		
2005			
Outstanding at 1 January	0		0.0
Options granted during the period	22,400	80	0.0
Exercised during the period	0		
Expired during the period	0		
Exercisable on 31 December 2005	22,400		0.0
Weighted average remaining contractual life	0.3 years		
Weighted average share price at date of exercise		-	

Fair value of options is calculated after a model based on Black & Scholes. Fair value is calculated using the market price of NTR B-shares at the grant date and a 1-year historical volatility, which at the beginning of 2005 was 12%. In the calculation a risk-free interest rate of 2.25% and an expected dividend of DKK 0 are used. The options are assumed exercised at the latest possible date.

Based on results achieved in the said companies in 2005, 28,300 options will be granted in 2006, exercisable from 1 May 2006 to 31 December 2006 at an exercise price of DKK 90. Fair value of these options can be calculated to DKK 0.6 million at 1 January 2006.

	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
3 OTHER OPERATING INCOME				
Profit on disposed non-current assets and activities	0.1	0.9	0.0	0.9
Profit on properties for sale	0.0	0.1	0.0	0.3
Reversal of write downs	0.9	0.0	0.9	0.0
Sundry	0.0	0.5		
Total	1.0	1.5	0.9	1.2
4 OTHER OPERATING EXPENSES				
Losses on properties for sale	0.0	(0.1)	0.0	(0.1)
Total	0.0	(0.1)	0.0	(0.1)

Notes (DKK MILLION)

5 FINANCIAL INCOME	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
Interest on securities and liquid funds	1.3	1.2	1.3	1.2
Interest jointly controlled entities	0.4	0.2	0.7	0.4
Realised gains on available for sale securities	0.5	0.0	0.5	0.0
Realised and unrealised gains on foreign currencies	1.6	1.1	1.6	1.1
Total	3.8	2.5	4.1	2.7

Realised gains on available for sale securities in the parent company include gains on unlisted shares with a carrying amount of DKK 0.

6 FINANCIAL EXPENSES	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
Interest on bank overdrafts and loans	(3.1)	(1.8)	(0.4)	(0.3)
Interest to joint venture partners	(0.3)	(0.4)		
Realised losses on available for sale securities	(0.2)	0.0	(0.2)	0.0
Realised and unrealised losses on foreign currencies	(1.4)	(0.9)	(1.4)	(0.9)
Total	(5.0)	(3.1)	(2.0)	(1.2)

7 CORPORATE TAX

For both Group and Parent company current tax, changes in deferred tax and tax on items taken directly to equity have been calculated at DKK 0 (2004: DKK 0).

NTR Holding has decided not to continue the international joint taxation with effect from tax year 2005. Cancellation of the previous joint taxation is not considered to result in any retrospective taxation of previously utilised tax carry-overs. Neither NTR Holding nor subsidiaries are liable to current or deferred tax, one reason being carry-over losses from previous years. Jointly controlled entities are not liable to any corporate tax.

	Parent company	
	2005	2004
Carry-over losses		
to be utilised in 2005 at the latest	-	0.0
to be utilised in 2006 at the latest	20.0	20.0
without limitation in utilisation	35.1	12.7
Total carry-over tax losses	55.1	32.7
Value of depreciation and impairment losses not charged to the tax scheme	2.2	2.4

Out of prudence carry-over losses are not recognised as tax assets as it is uncertain, to which extent the carry-over losses can be utilised to offset future taxable income.

Value of impairment losses not charged to the tax scheme is calculated at the tax rate at the time of calculation. In Denmark corporate tax has been reduced from 30% to 28% in the tax year 2005.

Reconciliation of the Danish tax rate to the Group's effective tax rate	2005		2004	
	DKK m	%	DKK m	%
Profit before tax	19.4		7.8	
28% (2004: 30%) corporate tax	(5.4)	28%	(2.3)	30%
Tax effect from:				
Non-taxable income	4.2	(22%)	2.3	(30%)
Non-deductible expenses	0.0	-	(0.1)	1%
Profit offset in carry-over tax losses from previous years	1.2	(6%)	0.1	(1%)
Total corporate tax	0.0	0%	0.0	0%

Notes (DKK MILLION)

GROUP

8 EARNINGS PER SHARE	2005	2004
Net profit attributable to equity holders of the parent	19.4	7.8
Average number of shares listed on Copenhagen Stock Exchange (1,000 shares)	1,940	1,940
Average number of own shares	(72)	(72)
Average number of shares outstanding	1,868	1,868
Potential dilutive effect of outstanding share options	22	0
Average number of shares outstanding for the purposes of diluted EPS	1,890	1,868
Earnings per share (DKK)	10.41	4.17
Earnings per share, diluted (DKK)	10.35	4.17
Share options with potential dilutive effect, not included in calculating average number of shares, diluted, as they were out of the money at the time of calculation (no. of options)	0	22,400

9 TANGIBLE ASSETS	GROUP					PARENT COMPANY	
	2004					2004	
	Land and buildings	Plant and equipment	Other fixtures and fittings, tools and equipment	Capital work-in-progress	Total	Other fixtures and fittings tools and equipment	Total
Cost 1 January	34.6	86.0	15.5	1.2	137.3	0.5	0.5
Exchange rate differences	(2.8)	(7.0)	(1.1)	(0.1)	(11.0)		
Additions		5.2	3.5	8.6	17.3	0.3	0.3
Disposals			(0.4)		(0.4)	(0.3)	(0.3)
Transfer within the note		0.8	0.4	(1.2)	0.0		
Cost 31 December	31.8	85.0	17.9	8.5	143.2	0.5	0.5
Accumulated depreciation and impairment 1 January	(15.7)	(30.6)	(10.3)	0.0	(56.6)	(0.5)	(0.5)
Exchange rate differences	1.4	3.4	0.8		5.6		
Depreciation charge for the year	(1.8)	(12.0)	(2.4)		(16.2)	(0.1)	(0.1)
Disposals			0.2		0.2	0.1	0.1
Accumulated depreciation and impairment 31 December	(16.1)	(39.2)	(11.7)	0.0	(67.0)	(0.5)	(0.5)
Carrying amount 31 December	15.7	45.8	6.2	8.5	76.2	0.0	0.0
	2005					2005	
Cost 1 January	31.8	85.0	17.9	8.5	143.2	0.5	0.5
Exchange rate differences	4.9	13.2	2.4	1.3	21.8		
Additions	0.6	12.1	4.9	9.7	27.3		
Disposals		(30.4)	(1.7)		(32.1)		
Transfer within the note	(1.2)	19.2		(18.1)	(0.1)		
Cost 31 December	36.1	99.1	23.5	1.4	160.1	0.5	0.5
Accumulated depreciation and impairment 1 January	(16.1)	(39.2)	(11.6)	0.0	(66.9)	(0.5)	(0.5)
Exchange rate differences	(2.6)	(6.7)	(1.7)		(11.0)		
Depreciation charge for the year	(2.7)	(11.4)	(3.7)		(17.8)		
Disposals		20.0	1.6		21.6		
Transfer within the note	7.5	(7.5)			0.0		
Accumulated depreciation and impairment 31 December	(13.9)	(44.8)	(15.4)	0.0	(74.1)	(0.5)	(0.5)
Carrying amount 31 December	22.2	54.3	8.1	1.4	86.0	0.0	0.0
Depreciation periods	5-10 yrs	5-10 yrs	3-5 yrs			3-5 yrs	

Depreciation and impairment are included in profit and loss under:

	Group		Parent company	
	2005	2004	2005	2004
Production costs	(13.2)	(12.5)		
Sales and distribution costs	(0.3)	(0.2)		
General and administrative costs	(4.3)	(3.5)	0.0	(0.1)
Total depreciation and impairment charge	(17.8)	(16.2)	0.0	(0.1)

Notes (DKK MILLION)

		GROUP		PARENT COMPANY	
10	PARTICIPATING INTERESTS IN SUBSIDIARIES			2005	2004
	Cost 1 January			296.6	296.6
	Additions				
	Disposals				
	Cost 31 December			296.6	296.6
	Impairment 1 January			(296.6)	(296.6)
	Impairment charges of the year				
	Disposals				
	Impairment 31 December			(296.6)	(296.6)
	Participating interest in subsidiaries 31 December			0.0	0.0
	Name of subsidiary	Place of incorporation	Legal form		
	R+S Bauge-sellschaft mbH	Germany	Limited liability company	Proportion of ownership and voting power	100%
				Group's share of net result	100%
				Group's share of equity	(8.1)
					(39.5)
	In the separate accounts of the parent participating interests in subsidiaries are measured at cost or a lower recoverable amount. Participating interests in subsidiaries are consolidated in the Group accounts. Negative equity in subsidiaries are offset in amounts owed by subsidiaries in the parent company with DKK 41.1 million (2004: DKK 39.5 million)				
11	PARTICIPATING INTERESTS IN JOINTLY CONTROLLED ENTITIES	2005	2004	2005	2004
	Cost 1 January			0.8	1.9
	Additions				0.0
	Disposals				(1.1)
	Cost 31 December			0.8	0.8
	Impairment 1 January			0.0	0.0
	Impairment charges of the year				0.0
	Disposals				0.0
	Impairment 31 December			0.0	0.0
	Participating interests in jointly controlled entities, 31 December			0.8	0.8
	Recognised from jointly controlled entities				
	Income	255.4	212.0		
	Expenses	(239.9)	(204.3)		
	Net result	15.5	7.7		
	Share of equity	88.8	62.7		
	Name of jointly controlled entity	Place of incorporation	Legal form		
	Bahrain Precast Concrete Co. W.L.L.	Kingdom of Bahrain	Limited liability company	Proportion of ownership and voting power	49%
					49%

GROUP

PARENT COMPANY

Jointly controlled entities are pro-rata consolidated in Group accounts.

In the separate accounts of the parent participating interests in jointly controlled entities are measured at cost or a lower recoverable amount. Due to the proportion of ownership and place of incorporation a fair value cannot be estimated reliably. By virtue of profit and net assets, fair value is estimated to exceed recognised value considerably.

Bahrain Precast Concrete Company W.L.L. is recognised as a jointly controlled entity as agreements in relation to ownership secure, that all major decisions about commercial issues, investments etc. will be taken jointly with the co-shareholder.

12 OTHER FINANCIAL ASSETS	2005	2004	2005	2004
Cost 1 January	28.1	3.0	3.0	3.0
Exchange rate differences	0.1			
Disposals	(1.6)	0.0		
Transfer from current assets	0.0	25.1		
Cost 31 December	26.6	28.1	3.0	3.0
Impairment 1 January	(10.4)	(3.0)	(3.0)	(3.0)
Transfer from current assets	0.0	(7.4)		
Disposals	1.4	0.0		
Impairment 31 December	(9.0)	(10.4)	(3.0)	(3.0)
Carrying amount 31 December	17.6	17.7	0.0	0.0
13 PROPERTIES AND INVENTORIES	2005	2004	2005	2004
Raw materials	14.7	12.1		
Finished goods	0.7	1.2		
Spare parts etc.	5.6	3.4		
Properties for sale	8.0	11.0	0.5	0.5
	29.0	27.7	0.5	0.5
Allowance for obsolescence	(1.6)	(1.7)	(0.5)	(0.5)
Properties and inventories	27.4	26.0	0.0	0.0
Inventories recognised as expense during the year	(146.2)	(102.0)		

Notes (DKK MILLION)

	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
14 WORK-IN-PROGRESS				
Sales value of work in progress	93.7	69.8		
Payments on account	(82.9)	(63.2)		
	10.8	6.6	0.0	0.0
included in:				
Work-in-progress, current assets	11.2	6.6		
Work-in-progress, current liabilities	(0.4)	0.0		
	10.8	6.6	0.0	0.0
15 RECEIVABLES				
Trade debtors	160.1	130.9		
Retentions	38.6	24.5		
Work-in-progress	11.2	6.6		
Amounts owed by subsidiaries			32.2	21.9
Amounts owed by jointly controlled entities	14.6	9.7	27.4	18.1
Other receivables and prepayments	12.3	11.5	0.6	2.0
	236.8	183.2	60.2	42.0
Allowance for estimated irrecoverable amounts	(32.3)	(41.1)		
Total receivables	204.5	142.1	60.2	42.0
Receivables recognised as non-current assets	17.6	17.7	32.2	21.9
Receivables recognised as current assets	186.9	124.4	28.0	20.1
Allowances for estimated irrecoverable amounts recognised as:				
Production costs	(1.2)	(1.5)		
Reversed allowances for irrecoverable amounts recognised as:				
Production costs	5.5	0.7		
Other operating income	0.9	0.0	0.9	0.0

Trade debtors are normally paid within 0 - 6 months from invoice date, while retentions normally are paid within 12 - 24 months. For such receivables nominal value is estimated to approximate fair value.

For receivables where repayment dates are unsure, this is taken into account when estimating the need for allowances for irrecoverable amounts.

Apart from short-term receivables, amounts owed by jointly controlled entities carry a market based interest rate, and nominal value are estimated to approximate fair value.

16 SECURITIES, AVAILABLE FOR SALE	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
Listed securities, DKK	23.2	39.4	23.2	39.4
Listed securities, EUR	7.3	8.8		
Securities	30.5	48.2	23.2	39.4
Deposited as security for financial commitments of the Group	30.5	42.8	23.2	34.0
At free disposal	0.0	5.4	0.0	5.4
	30.5	48.2	23.2	39.4
Average duration	1.2	0.4	1.0	0.0

17 SHARE CAPITAL	PARENT COMPANY				
	No. of shares ('000)		Nominal value (DKK m)		
	A-shares	B-shares	A-shares	B-shares	Total
Share capital at 31 December 2000	162.8	1,927.1	16.3	192.7	209.0
Write down of share capital 2001		(150.0)		(15.0)	(15.0)
Share capital at 31 December 2001	162.8	1,777.1	16.3	177.7	194.0
Share capital at 31 December 2002	162.8	1,777.1	16.3	177.7	194.0
Share capital at 31 December 2003	162.8	1,777.1	16.3	177.7	194.0
Write down of share capital 2004 and change of nominal value per share			(13.0)	(142.2)	(155.2)
Share capital at 31 December 2004	162.8	1,777.1	3.3	35.5	38.8
Share capital at 31 December 2005	162.8	1,777.1	3.3	35.5	38.8

Nominal value per share is DKK 20. Until write down of share capital in 2004 nominal value per share was DKK 100. Each A-share has 10 votes and each B-share has 1 vote on the General Meeting of the company.

Notes (DKK MILLION)

18 CHANGES IN SHAREHOLDERS' EQUITY

	GROUP						
	Share capital	Statutory reserves	Translation reserves	Revaluation reserves	Reserves for the disposal of the General Meeting	Retained earnings	Total
	2004						
Shareholders' equity 1 Jan. - prev. accounting policy	194.0	1.0	(20.8)	0.0	0.0	(51.7)	122.5
Effect of transition to IFRS			20.8			(20.8)	0.0
Shareholders' equity 1 January - IFRS standards	194.0	1.0	0.0	0.0	0.0	(72.5)	122.5
Write down of share capital	(155.2)				83.7	71.5	0.0
Available for sale investments							
Gains/(losses) taken to equity				0.3			0.3
Exchange differences on foreign operations		(0.1)	(5.4)				(5.5)
Net profit for the period						7.8	7.8
Shareholders' equity 31 December	38.8	0.9	(5.4)	0.3	83.7	6.8	125.1
	2005						
Shareholders' equity 1 January	38.8	0.9	(5.4)	0.3	83.7	6.8	125.1
Available for sale investments							
Gains/(losses) taken to equity				(0.5)			(0.5)
Reversal to profit and loss from equity				(0.2)			(0.2)
Exchange differences on foreign operations		0.1	10.4				10.5
Net profit for the period						19.4	19.4
Shareholders' equity 31 December	38.8	1.0	5.0	(0.4)	83.7	26.2	154.3
	PARENT COMPANY						
	Share capital	Translation reserves	Revaluation reserves	Reserves for the disposal of the General Meeting	Retained earnings	Total	
	2004						
Shareholders' equity 1 Jan. - previous accounting policy	194.0	(20.8)	0.0	0.0	(50.7)	122.5	
Effect of transition to IFRS		20.8			(82.2)	(61.4)	
Shareholders' equity 1 January - IFRS standards	194.0	0.0	0.0	0.0	(132.9)	61.1	
Write down of share capital	(155.2)				83.7	71.5	0.0
Available for sale investments							
Gains/(losses) taken to equity				0.3			0.3
Net profit for the period						1.7	1.7
Shareholders' equity 31 December	38.8	0.0	0.3	83.7	(59.7)	63.1	
	2005						
Shareholders' equity 1 January	38.8	0.0	0.3	83.7	(59.7)	63.1	
Available for sale investments							
Gains/(losses) taken to equity				(0.5)			(0.5)
Reversal to profit and loss from equity				(0.2)			(0.2)
Net profit for the period						3.9	3.9
Shareholders' equity 31 December	38.8	0.0	(0.4)	83.7	(55.8)	66.3	

SHAREHOLDERS' EQUITY - OWN B-SHARES
PARENT COMPANY

	No. of shares ('000)	% of total no. of shares	Nominal Value (DKK m)	Purchase/sales revenue
2004				
Holding 1 January 2004	72.0	3.7%	7.2	
Purchase of own B-shares	0.0	0.0%	0.0	0.0
Sales of own B-shares	0.0	0.0%	0.0	0.0
Write down of share capital 2004 and change of nominal value per share	0.0		(5.8)	
Holding 31 December 2004	72.0	3.7%	1.4	
Purchase/sales revenue of the year				0.0
2005				
Holding 1 January 2004	72.0	3.7%	1.4	
Purchase of own B-shares	0.0	0.0%	0.0	0.0
Sales of own B-shares	0.0	0.0%	0.0	0.0
Holding 31 December 2005	72.0	3.7%	1.4	
Purchase/sales revenue of the year				0.0

At 31 December 2005 market value of own shares amount to DKK 7.9 million (2004: DKK 3.8 million)

The AGM has authorised the company to purchase a total of 10% own shares, i.e. 193,900 shares.

The holding of own shares has been established and is maintained to hedge share based incentive programmes.

Notes (DKK MILLION)

19 PROVISIONS

		GROUP		
		Non-recourse guarantee commitments	Discontinued operations and properties for sale	Total
		2005		
Provisions, year-end previous year		58.0	12.9	70.9
Exchange rate differences		2.2		2.2
Provisions of the year (taken to profit and loss account)		20.4		20.4
Provisions used during the year		(21.7)	(1.2)	(22.9)
Provisions reversed (taken to profit and loss account)		(12.5)		(12.5)
Provisions, 31 December		46.4	11.7	58.1
Maturity date				
0 - 1 year	Current	26.0	7.4	33.4
1 - 5 years	Non-current	18.0	4.3	22.3
More than 5 years	Non-current	2.4		2.4
Provisions, 31 December		46.4	11.7	58.1
		PARENT COMPANY		
			Discontinued operations and properties for sale	Total
		2005		
Provisions, year-end previous year			12.9	12.9
Provisions used during the year			(1.3)	(1.3)
Provisions, 31 December			11.6	11.6
Maturity date				
0 - 1 year	Current		7.4	7.4
1 - 5 years	Non-current		4.2	4.2
Provisions, 31 December			11.6	11.6

Non-recourse guarantee commitments comprise commitments to remedy defects within the guarantee period. Provisions are made on a general basis as well as on specific projects, where special needs for remediation are expected. The provisions relate to construction projects in Germany, finalised through previous years and normal guarantee commitments relating to precast concrete elements delivered from the BPC Group.

Discontinued operations and properties for sale primarily comprise expected future costs related to the final winding up of the Group's former construction activities in R+S Baugesellschaft. The winding up was initiated and published several years ago. Furthermore the provision comprises expected costs relating to former real estate engagements in Denmark.

20 DEBT TO CREDIT INSTITUTIONS AND JOINT VENTURE PARTNERS (INTERESTBEARING)	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
Overdraft facilities	24.6	13.9	9.8	5.5
Loans with fixed repayment schedules	44.8	43.9		
	69.4	57.8	9.8	5.5
Overdraft facilities carry variable interest rates, based on local inter-bank rates plus 1.0 - 2.0%				
Loans with fixed repayment schedules carry variable interest rates, based on local inter-bank rates plus 1.5 - 2.0%				
Maturity				
On demand or within 1 year	38.9	34.8	9.8	5.5
1 - 2 years	13.8	10.1		
2 - 3 years	12.8	5.6		
3 - 4 years	3.9	5.2		
4 - 5 years		1.5		
More than 5 years		0.6		
	69.4	57.8	9.8	5.5
Due within 1 year recognised as current liabilities	(38.9)	(34.8)	(9.8)	(5.5)
Recognised as non-current liabilities	30.5	23.0	0.0	0.0

Nominal value of debt to credit institutions and joint venture partners are estimated to approximate fair value.

21 TRADE CREDITORS AND SIMILAR CURRENT LIABILITIES	2005	2004	2005	2004
Trade creditors, payments received an account, amounts owed to jointly controlled entities, and other debt are short term and carrying no interest.				
Nominal value is estimated to approximate fair value.				

Notes (DKK MILLION)

22 CONTINGENT LIABILITIES ETC.	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
Commercial warranties				
Warranties issued for supplies	78.5	84.6		
Financial warranties				
Commitments for subsidiaries' liabilities	20.8	32.3	20.8	33.7
Commitments for jointly controlled entities' liabilities	39.8	6.4	93.3	35.7
To the extent the secured liabilities are recognised in the Group balance sheet they are not included in Group financial warranties.				
Other financial warranties	6.5	6.5	6.5	6.5
Recognised provision to cover the associated risk	(3.1)	(3.1)	(3.1)	(3.1)
Non-covered other financial warranties	3.4	3.4	3.4	3.4
Securities				
As security for financial commitments the following securities have been established				
Securities, available for sale	30.5	42.8	23.2	34.0
Liquid deposits	0.9	0.8		
Mortgage on tangible assets	38.3	22.4		
Lease commitments - operating leases				
The Group leases land for production facilities, offices and other fixtures and fittings, tools and equipment under operating lease agreements. Land leases expire within 1 - 20 years.				
Other leases expire within 1 - 2 years.				
Operational lease fees recognised in profit and loss account	(4.1)	(2.9)	(0.3)	(0.3)
Future lease fees on irrevocable lease agreements are distributed as follows:				
0-1 years	(3.9)	(2.3)	(0.3)	(0.3)
1-5 years	(9.6)	(4.4)		
> 5 years	(12.7)	(6.9)		
Total	(26.2)	(13.6)	(0.3)	(0.3)

Joint taxation scheme

Up to and including tax year 2004 the parent company was taxed on a pooled basis with 100% owned subsidiaries. The companies included are jointly liable for the pooled taxable income, which has been assessed at DKK 0. From tax year 2005 the companies of the Group are not jointly taxed. Each company is liable for its own current tax, which for all companies has been assessed at DKK 0.

Court and arbitration cases

The companies of the Group are involved in a few court and arbitration cases. The management estimates, that the result of these cases will not impact the financial position beyond receivables and liabilities recognised in the Balance Sheet at 31 December 2005.

23 RISKS

The Group's risk management approach

The NTR Group is exposed to changes in exchange rates and interest rate levels. It is the Group's policy not to undertake active speculation on financial risks. Financial risk management is therefore aimed solely at managing financial risks relating to the Group's operation and financing.

Currency risks

The Group's currency exposure can be divided into two main groups. Businesses in the BPC Group operate in local currencies, all of which are closely linked to USD, and management does not expect this close exchange rate association to change in future. The parent company and the German subsidiary operate in DKK and EUR respectively, where the exchange rate association is also expected to be stable in future. The currency risk in the parent company's balances with the companies in the BPC Group is as far as possible eliminated by loans and forward contracts, but there is no attempt to eliminate the total currency exposure of the total BPC Group balance. Exposure between DKK and EUR as well as future cash flows are not covered.

Foreign businesses are not significantly affected by currency fluctuations, as both income and expenses are mainly calculated in local currency, and assets and liabilities are mainly denominated in the local currency.

Coverage of currency exposure does not satisfy the conditions for hedge accounting.

	Group		Parent company	
	2005	2004	2005	2004
Unrealised profits from forward contracts recognised in the profit and loss account	0.0	1.0	0.0	1.0
Unrealised losses from forward contracts recognised in the profit and loss account	(0.3)	0.0	(0.3)	0.0

Currency risk in the balance sheet

	Group			
	2005		2004	
	DKK and EUR	USD and related	DKK and EUR	USD and related
Non-current tangible assets	0.1	85.9	0.1	76.1
Non-current financial assets	17.6	0.0	17.7	0.0
Properties for sale, inventories and receivables	42.4	171.9	52.6	97.8
Securities, available-for-sale	30.5	0.0	48.2	0.0
Liquid funds	7.3	4.4	1.9	5.9
Non-current liabilities	(16.7)	(38.5)	(28.2)	(29.3)
Current liabilities	(33.1)	(117.5)	(42.1)	(75.6)
Forward contracts ¹⁾	0.0	(9.4)	0.0	(8.2)
Exposure of net assets	48.1	96.8	50.2	66.7
Warranties (contingent liabilities)	(52.1)	(90.4)	(76.6)	(50.1)
Lease commitments (contingent liabilities)	(1.2)	(25.0)	(1.5)	(12.1)

Notes (DKK MILLION)

	Parent company			
	2005		2004	
	DKK and EUR	USD and related	DKK and EUR	USD and related
Non-current financial assets	32.2	0.8	21.9	0.8
Properties for sale, inventories and receivables	0.6	27.4	2.0	18.0
Securities, available-for-sale	23.2	0.0	39.4	0.0
Liquid funds	5.7	0.0	1.4	0.0
Non-current liabilities	(4.2)	0.0	(6.8)	0.0
Current liabilities	(9.4)	(10.0)	(7.7)	(6.0)
Forward contracts ¹⁾	0.0	(9.4)	0.0	(8.2)
Exposure of net assets	48.1	8.8	50.2	4.6
Warranties (contingent liabilities)	(24.2)	(93.3)	(37.1)	(35.7)
Lease commitments (contingent liabilities)	(0.3)	0.0	(0.3)	0.0

¹⁾ Accounting principal. Purchase of currency is recognised as a positive principal and sale of currency as a negative principal.

Interest rate risks

The Group's interest-bearing assets are mainly at fixed rates with short term to maturity. Interest-bearing liabilities are mainly at variable rates, where the interest rate is based on short-term inter bank rates in the markets in which the various companies operate.

	Group		Parent company	
	2005	2004	2005	2004
Interest bearing balance sheet items can be broken down as follows:				
Interest-bearing assets at a fixed rate	48.1	65.9	23.2	39.4
Interest-bearing assets at a variable rate	26.3	17.5	33.1	19.5
Interest-bearing assets	74.4	83.4	56.3	58.9
Average interest rate for assets at a fixed rate	3.5%	2.8%	2.9%	2.0%
Average interest rate for assets at a variable rate	4.3%	2.8%	4.3%	4.0%
Average time to maturity/rate adjustment for assets at a fixed rate (years)	1.1	0.6	2.0	0.0
Interest-bearing liabilities at a fixed rate	0.0	0.0	0.0	0.0
Interest-bearing liabilities at a variable rate	(69.8)	(57.8)	(9.8)	(5.5)
Interest-bearing liabilities	(69.8)	(57.8)	(9.8)	(5.5)
Average interest rate for liabilities at a variable rate	5.0%	4.3%	4.5%	3.9%

Credit risks

The Group's credit risks relate to receivables from sales and other receivables, securities, bank balances and derivatives with a positive fair value. When measuring receivables from sales and other receivables, consideration is given to the individual debtor's ability to pay. In connection with certain receivables a mortgage is arranged in real estate as security for the receivable. Such guarantees are included in the evaluation of the need for any write-downs of the receivable. The maximum credit risk of receivables corresponds to the balance sheet value. Securities and financial

instruments are issued by recognised financial institutions with a high international credit rating, and bank deposits are made in such institutions. These asset items are therefore not considered to involve any genuine credit risk.

Risk conditions for receivables from sales and other assets in the Group's companies vary in their nature. In the jointly controlled entity the BPC Group receivables essentially comprise normal receivables from deliveries, and the need for significant write-downs of such receivables is rare. In the subsidiary R+S Baugesellschaft receivables are to a significant extent receivables relating to previously completed construction projects, where there is a dispute with the contract party on the justification and size of the receivable. Receivables in the parent company comprise solely receivables in subsidiaries and jointly controlled entities, and the risk in these therefore reflects the risk profile of the companies in question.

Apart from receivables in financial institutions and Group receivables, the five biggest single debtors are recognised with the following amounts

	BPC Group		R+S Baugesellschaft	
	2005	2004	2005	2004
	17.1	5.3	17.6	17.7
	8.1	5.1	13.3	13.3
	7.8	2.8	7.5	8.4
	7.4	2.6	7.0	7.5
	7.3	1.8	5.9	5.3
5 biggest debtors before general reservations	47.7	17.6	51.3	52.2
Total receivables from sales and other receivables	125.4	65.1	52.7	58.7
Specific write-downs for the 5 biggest single debtors	0.0	0.0	(17.1)	(19.1)
Total write-downs for receivables from sales and other receivables	(6.2)	(9.4)	(26.0)	(31.8)

In the parent company's accounts shares in subsidiaries and jointly controlled entities are measured at cost or recoverable value, if lower.

Liquidity risk

The liquidity risk of the Group arise, if disposable liquid funds are not available, when the liabilities fall due. The continuing winding up of balance sheet items in R+S Baugesellschaft comprise realisation of assets and fulfilment of liabilities. Temporal uncertainty is associated with this winding up, which impose a liquidity risk. To any extend the winding up of assets and liabilities cannot be done within the disposable liquidity, the Group expects to be able to have access to additional credit facilities.

Other risks

Apart from the currency, interest rate and credit risks described, the greatest uncertainty in recognising and measuring in the annual accounts is considered to involve evaluation of the need for provisions for guarantee commitments in R+S Baugesellschaft.

The biggest provisions are recognised with the following amounts	R+S Baugesellschaft	
	2005	2004
	(7,6)	(12,9)
	(2,1)	(7,4)
	(2,0)	(2,9)
	(1,5)	(2,9)
	(1,0)	(1,3)
5 biggest single provisions for guarantee commitments	(14,2)	(27,4)
Total provisions for guarantee commitments	(25,9)	(45,9)

24 RELATED PARTIES

No related party can exercise direct or indirect control in NTR Holding. The A-share holders comprise Civilingeniør N. T. Rasmussens Fond, Best Holdings a/s, Lønmodtagernes Dyrtdsfond, Nykredit A/S and Pension Funds related to PKA. These A-shareholders can exercise common control in NTR Holding. The A-shareholders have entered into a shareholders agreement stating an intention of unanimously nomination of candidates for the Board of Directors. Furthermore the A-shareholders have a first-right of refusal when A-shares are sold.

Related parties with significant influence in NTR Holding comprise the above A-shareholders, related and jointly controlled entities, cf. note 10 and 11, and the Board of Directors and management of the company. Chairman of the Board, Niels Heering is chairman of Civilingeniør N. T. Rasmussens Fond as well. Board member Stig Rantsen exercises direct control in Best Holdings a/s.

Without charge NTR Holding offers a minor administrative support for Civilingeniør N. T. Rasmussens Fond.

Amounts owed to and from subsidiaries and jointly controlled entities are shown in the balance sheet. At the balance sheet date there are no outstanding accounts with other related parties. Due to the overall financial situation for R+S Baugesellschaft no interest is charged on outstanding balances with this subsidiary. Apart from short term balances, balances with jointly controlled entities carry a variable, market defined interest rate, cf. note 23.

NTR Holding receives a performance related management fee from the four companies in the Bahrain Precast Concrete Group. Management fee is recognised in the profit and loss account of the parent company with DKK 5.4 million (2004: DKK 4.2 million).

NTR Holding guarantees and has deposited security for liabilities of subsidiaries and jointly controlled entities, cf. the specification in note 22.

Remuneration and other relations to the board and management of NTR Holding amount to:

	Niels Heering	Board of Directors Bjørn Petersen	Stig Rantsen	Erik Sprunk-Jansen	Management Jens Hørup
2004					
Total remuneration	(0.2)	(0.1)	(0.9)	(0.1)	(1.1)
2005					
Directors' fee NTR Holding	(0.3)	(0.2)	(0.1)	(0.2)	
Directors' fee BPC Group			(0.1)		
Salary					(1.0)
Defined contribution pension plans					(0.1)
Car and phone benefits					(0.1)
Total remuneration	(0.3)	(0.2)	(0.2)	(0.2)	(1.2)
No of shares ('000)					
Share holdings 1 January 2004	0.8	0.0	475.8	0.0	0.0
Share holdings 1 January 2005	0.8	0.0	461.1	0.0	0.0
Purchase of shares in 2005					
Sale of shares in 2005					
Share holdings 31 December 2005	0.8	0.0	461.1	0.0	0.0

GROUP

PARENT COMPANY

The parent company can terminate the employment of the management with 12 months' notice.

Management and members of the Board of Directors of the parent company receive a fixed annual remuneration and have not been given any incentive-promoting remuneration.

Related parties in jointly controlled entities

The co-shareholder in the jointly controlled entity, Bahrain Precast Concrete Company W.L.L., has significant influence in that company.

The co-shareholder has granted loans to the company on equal conditions as NTR Holding and receives management fee from most of the companies in the BPC Group under the same conditions as NTR Holding.

Bahrain Precast Concrete Company buys raw materials and leases land for production facilities and housing for employees from the said co-shareholder on market conditions. Total purchase and lease amount to DKK 19.2 million (2004: DKK 17.1 million)

25	AUDIT FEE	2005	2004	2005	2004
	Ordinary fees				
	Deloitte Statsautoriseret Revisionsaktieselskab	(0.3)	(0.3)	(0.1)	(0.2)
	Grant Thornton Statsautoriseret Revisionsaktieselskab	-	(0.1)	-	(0.1)
	Special assignments				
	Deloitte Statsautoriseret Revisionsaktieselskab	(0.3)	(0.5)	(0.1)	(0.3)
26	LIQUID FUNDS	2005	2004	2005	2004
	Cash and bank balances	10.4	7.0	5.7	1.4
	Fixed and call deposits less than 3 months	1.3	0.8		
	Liquid funds	11.7	7.8	5.7	1.4

Board of Directors • Group Management • Auditors

BOARD OF DIRECTORS

Niels Heering (chairman)
Age 51 – Member of the Board of Directors from 1997
Managing Partner of the law office Gorrissen Federspiel Kierkegaard

Chairman of the board of directors of:

Civilingeniør N. T. Rasmussens Fond
Jeudan A/S
CKBF Invest A/S
Comlex A/S
Ellos A/S
EQT Partners A/S
MRE A/S
Nesdu a/s
Stæhr Holding A/S

Member of the board of directors of:

Danske Private Equity A/S
J. Lauritzen A/S
Lise og Valdemar Käblers Familiefond
Ole Mathiesen A/S
Venjo A/S
15. Juni Fonden

Bjørn Petersen
Age 63 – Member of the Board of Directors from 1998
CEO and deputy chairman Fyns ErhvervsCenter

Chairman of the board of directors of:

GraphX Invest A/S
Team Online A/S

Member of the board of directors of:

Dansk Web Bureau A/S
Hans Jensen Lubricators A/S
Holdingselskabet Strandgade 48 A/S
J. Mertz Holding A/S

Stig Rantsen
Age 61 – Member of the Board of Directors from 2005

Chairman of the board of directors of:

Best Holdings A/S

Member of the board of directors of:

Bahrain Precast Concrete Company W.L.L.

Erik Sprunk-Jansen
Age 68 – Member of the Board of Directors from 1997

Chairman of the board of directors of:

Sprunk-Jansen A/S

Member of the board of directors of:

Nalunaq Gold Mine A/S

MANAGEMENT

Jens Hørup
Age 50
CEO from 2003

Member of the board of directors of:

Bahrain Precast Concrete Company W.L.L.

AUDITORS

Deloitte Statsautoriseret Revisionsaktieselskab

by State-Authorised Public Accountant Jesper Jørgensen
and State-Authorised Public Accountant Christian Sanderhage

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